Chief Constable for Lincolnshire

Unaudited Financial Statements

2012/13

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Chief Constable for Lincolnshire

Annual Financial Report

2012/13

The statements are made up of separate elements: the Foreword by the Force Chief Finance Officer; the Statement of Responsibilities; the Annual Governance Statement; the Statement of Accounts; the Independent Auditor's Report; and the Glossary of Terms. The 'true and fair' audit view only applies to the Statement of Accounts.

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Chief Constable for Lincolnshire

Chief Constable Neil Rhodes

In November 2012 police authorities were spit 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.

Executive officers of Lincolnshire Police on 31st March 2013 were:

Neil Rhodes	Chief Constable
Alec Wood	Deputy Chief Constable
Keith Smy	Assistant Chief Constable
Roger Bannister	Assistant Chief Constable
Alun Jones	Interim Force Chief Finance Officer

Further Information

The Statement of Accounts 2012/13 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, LN5 7PH. 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.

Chief Constable for Lincolnshire

APPROVAL OF ACCOUNTS

I approve the Statement of Accounts on xx September 2013.

……
Neil Rhodes
Chief Constable

Dated : ……

DATE OF ISSUE OF ACCOUNTS

The entity is required to disclose the date that the financial statements are authorised for issue. This establishes the date after which events will not have been recognised in the Statement of Accounts.

Date of Issue of Accounts

xx September 2013

Chief Finance Officer's Foreword to the Statement of Accounts

This section highlights some of the more important issues that are reported in the Accounts. Commentary is included on any issues that have had a major effect on the entity's finances during the year being reported and the factors that may impact in the future.

Introduction

I am pleased to present the Statement of Accounts for the Chief Constable of Lincolnshire for the financial year 2012/13. These accounts set out the overall financial position of the Chief Constable for Lincolnshire, for the year ended 31st March 2013.

On 15th September 2011 the Police Reform and Social Responsibility Act 2011 was approved by Parliament. This Act introduced a major change to the way the Police Service in England and Wales is governed and held accountable. This legislation 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.

These are the first set of statutory accounts to be prepared under the new arrangements; although the new entity was created on 22nd November 2012 a part year statement is not required under merger accounting rules. The comparator figures for 2011/12 refer to the transactions of the former Police Authority.

This set of accounts has been produced for the single entity Chief Constable. A separate set of accounts has been published for the Police and Crime Commissioner and the Police and Crime Commissioner Group to recognise all of the transactions incurred during 2012/13 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 2012/13 and also the Service Reporting Code of Practice (SeRCOP) 2011/12.

As well as these legislative requirements, the accounts have been produced having regard to the local Scheme of Arrangements for the Discharge of functions between the Chief Constable and Police and Crime Commission which include the Financial Regulations of the Police and Crime Commissioner. It is important to note that the first year's accounts reflect the Governments intention to phase in the reforms to Policing. On 22nd November all Assets, Liabilities and Reserves belonging to the former Police Authority were transferred directly to the PCC and during the first stage of transfer remained under the control of the PCC. The statements included in these accounts reflect this very limited first stage position.

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 – Page 10
This explains the responsibility for the financial affairs of the Chief Constable and how these responsibilities are carried out.

Annual Governance Statement – Page 11
The Chief Constable must prepare and publish an annual governance statement in accordance with the "Good Governance Framework" 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 – Page 20
A summary of the different reserves held, distinguishing between those that are usable and unusable. Showing the overall financial result for the year in terms of movement in reserves, as the Chief Constable does not manage any of these transactions this statement does not show any movements. All movements are shown in the Police and Crime Commissioner's Group Accounts.

Operating Cost Statement – Page 21
This statement has been prepared to reflect only the cost of operational police officers and not the full cost of policing which is shown the Police Commissioner's Group accounts. The costs being met in full by a recovery from the Police and Crime Commissioner.

Balance Sheet– Page 22
This represents the financial position as at 31st March 2013; it shows the balances and reserves available for disposal together with the long term and current assets employed. As the Chief Constable does not own assets or liabilities or hold any reserves this statement does not show any balances.

Cash Flow Statement– Page 23
This summarises the movement of cash balances arising from transactions during the year. Again as the Chief Constable does not manage any of these transactions the statement does not show any figures.

Notes to the Accounts – Page 24
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.

Financial Performance

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

	Original Budget £m	Actual £m	(Under) / Over Spend £m
Services			
Police Force	113.5	111.2	(2.3)
PCC	1.0	0.9	(0.1)
Service Expenditure	114.5	112.1	(2.4)
Other Operating Costs			
Appropriations to Specific Reserves	0.0	3.3	3.3
Appropriations from Specific Reserves	0.0	(0.9)	(0.9)
Total Net Expenditure	**114.5**	**114.5**	**0.0**
Financed By:			
Specific Grants	(5.8)	(5.8)	0.0
Neighbourhood Policing Contribution	(1.5)	(1.5)	0.0
Police Grant	(39.8)	(39.8)	0.0
National Non Domestic Rates	(23.1)	(23.1)	0.0
Council Tax Payers	(44.3)	(44.3)	0.0
Total Funding	**(114.5)**	**(114.5)**	**0.0**
Contribution from General Reserve	0.0	0.0	0.0
Contribution to General Reserve	0.0	0.0	0.0
Transfer to General Reserve	**0.0**	**0.0**	**0.0**

Under the arrangements for stage 1 transfer from the Police Authority to the Police and Crime Commissioner only the direct costs of police officers have been included in the formal statements. The table above shows the total cost of policing including the PCC costs for completeness. In future years as decisions are made on the transfer of costs this analysis will be developed.
Actual spending for 2012/13 was significantly less than the original budget, the financial year being marked by the significant organisational change undertaken in the force in respect of a redesigned operational model and a major out sourcing project for the mid and back office. These two projects together with careful and prudent management of the budget enabled the significant reductions in expenditure to be achieved. Savings have been therefore principally achieved across the devolved budgets totalling £2.2m. These savings include police staff and running costs.

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

Apportionments of expenditure have been necessary in order to assign monetary values to each of the nine divisions of service.

Performance Information

Overall, the Force's performance in 2012/13 was good in comparison to previous years, the crime rate in Lincolnshire dropping by 14.2% over the year, with fewer burglaries, violent crimes, thefts and sexual offences recorded. In total 6,250 fewer crimes were recorded across the county in the period between April 2012 to March 2013 compared to same period in 2011/12.

In comparison with all other forces in February 2013, Lincolnshire was nationally ranked 14th out of 43 forces, an improvement from 21st position in February 2012.

The Force has recorded significant successes in relation to 'theft of motor vehicle' with 104 fewer crimes a drop of 3.7% when compared to the previous year. Criminal Damage crimes were down 25.1% a decrease of 2,043 crimes, in addition other anti-social behaviour incidents reduced by 3,478 incidents a 15.9% reduction.

The Force focussed on the 'No Means No' campaign during the year with the number of serious sexual offences recorded being down 12.3% (60 fewer crimes).

In addition the Force in conjunction with partners successfully policed the Olympic torch relay throughout the County during the year and fulfilled national obligations regarding the Policing of the Olympics throughout the UK

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 Police and Crime Commissioner Group 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.

From 1st April 2006, a new method of financing the annual cost of Police Officer pensions was introduced by the Government with the Authority creating a separate memorandum Pensions Account. All payments are made to retired officers out of this account, and income received from Government to offset the net cost of the account after serving officer contributions have been deducted. This has smoothed the burden on the Chief Constable of budgeting for the increasing costs of police officer pensions. As the cost of police officers is shown in the Chief Constable's Accounts the Home Office Memorandum Account has been included within these accounts.

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.

Assets and Liabilities

In this transitional year the Chief Constable's accounts do not show any transactions in relation to assets and liabilities. These are all held in the Police and Crime Commissioner's Group Accounts.

Prospects for 2013/14 and beyond

For the financial year 2013/14, the PCC set a budget against the background of continued organisational change and the Government's programme of significant reductions in public sector spending. With effect from the 1st April 2012 the Authority entered into a Strategic Partnership with the private sector company G4S for the provision of mid and back office services. This was the largest commercial contract in UK Policing with a contract being signed for an initial 10 year period.

This contract 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 2013/14. In order to provide for a balanced budget the PCC determined a precept increase of 1.94%, in doing so the PCC considered the Government's one year only offer of grant in return for a council tax freeze. The decision was taken in the light of future reductions in central government grant and the impact accepting the freeze would have, resulting in a significant increase in precept the following year and/or further reductions in police officer numbers.

- The Government has not formally announced a grant settlement for the period beyond 2013/14. However, previously provided guidance on future grant payable in 2014/15 has been factored into a proposed budget for that year, which together with a planned use of £1.5 million of earmarked reserves provides for a balanced budget. Forecasting beyond this year has been undertaken up to 2017/18 this will be refined following the Government's Spending Review announcements anticipated in late June 2013. Further reductions in Formula Grant have been anticipated based upon a range of options varying between a 12% and 20% reduction in grant over the next four years. Plans are being developed in response to the potential reductions in income.

The Police & Crime Plan sets out the PCC's aim to secure a fairer deal for the people of Lincolnshire. Whilst Lincolnshire is the lowest spending Force in England and receives the third lowest level of Government funding, the people of Lincolnshire make an above average contribution to the cost of policing, contributing 41% of the total spend compared with an average contribution of 31% by council tax payers in England. .

The PCC has approved a capital programme of £6.2 million in 2013/14. The programme includes:

- Capital element of the Strategic Partnership arrangements;
- Significant investment in the Force estate;
- Replacement programme for vehicles.

The financial situation requires that this level of expenditure be reviewed to identify savings in order to reduce future capital financing charges in the revenue account.

Impact of the current economic climate

As part of the budget process the Chief Constable has consulted with the Police and Crime Commissioner on the inclusion of provision to allow for changes in specific items such as inflation and, where due, pay awards.

Police and Crime Commissioner

The introduction of the Police and Crime Commissioner has resulted in significant changes to the accounting and governance arrangements for policing. These Statements of Account, for both the Group and the Chief Constable, reflect the changes in governance. At this stage, the approach adopted is based upon a minimum recognition of police officers in the Chief Constable's accounts met with a corresponding transfer of funds from the PCC. There has been no transfer of assets, liabilities or reserves into the Chief Constable's accounts. Stage 2 of the transfer process may result in the further development of these changes; a project to plan for the further transition is being developed with the proposals being presented to the Home Secretary in mid September 2013 for implementation in April 2014.

Alun Jones BA CPFA
Interim Chief Finance Officer to the Chief Constable

Statement of Responsibilities for the Statement of Accounts

This section explains the Chief Constable's responsibilities for the entity's financial affairs and how he makes sure he carries out his responsibilities properly.

Responsibilities of the Chief Constable

The Chief Constable is required to

- 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.

I approve these Statements of Accounts

Neil Rhodes, Date: ……
Chief Constable

Responsibilities of the Force Chief Finance Officer

The Force Chief Finance Officer is responsible for the preparation of the Chief Constable's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code.

The Chief Finance Officer has also:

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

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Chief Constable for Lincolnshire at the accounting date and of the income and expenditure for the year ended 31st March 2013.

Alun Jones, Date: ……
Interim Force Chief Finance Officer

Annual Governance Statement

This section details the Chief Constable for Lincolnshire's governance arrangements in operation during 2012/13 including plans for the financial year 2013/14.

1. SCOPE OF RESPONSIBILITIES

The Chief Constable of the Lincolnshire Force is responsible for the direction and control of the Force. In discharging his functions, the Chief Constable shall have regard to the local policing plan issued by the Police and Crime Commissioner for his area. In addition the Chief Constable will have responsibility where the Police and Crime Commissioner delegates its functions in respect of securing an efficient and effective police force. In this regard the Chief Constable is responsible for ensuring the Force's business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Chief Constable is also responsible for putting in place proper arrangements for the governance of the Force and facilitating the exercise of its role, which includes ensuring that arrangements are in place for the management of risk.

Audit Committee

Arrangements have been made for the establishment of a Joint Independent Audit Committee with the Commissioner. Currently this is an Interim Committee established as a non executive body with no executive powers. A process to appoint a substantive Audit Committee has commenced and will be in place in the autumn of 2013. The Committee's primary purpose is to provide independent advice about the adequacy and effectiveness of the financial and other controls, corporate governance, financial and contract regulations and risk management arrangements operated by the Commissioner and Chief Constable. The Committee meets on a quarterly basis.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, culture and values through which the Force manages its activities. It enables the Chief Constable to monitor the achievement of Force objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services, including achieving 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 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 Force's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised, and; to manage them effectively, efficiently and economically.

The governance framework, amended for changes brought about by the introduction of the PCC in November 2012, has been in place at the Force for the year ended 31st March 2013 and up to the date of approval of the Statement of Accounts.

The Chief Constable is legally required to produce an Annual Governance Statement. The statement helps the PCC to hold the Chief Constable to account for efficient and effective

policing and gives assurance to the PCC of the Chief Constable's governance arrangements. In addition, the PCC produces his own Governance Statement.

3. THE GOVERNANCE FRAMEWORK

This section describes the key elements of the systems and processes of the governance arrangements that have been put in place for 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 Police and Crime Commissioner:

    - daily management meetings of frontline officers in accordance with the National Intelligence Model;
    - Tactical Tasking and Coordinating Group aligns day to day work with strategic objectives;
    - Interim Service Delivery meetings;
    - Operational Commander's conference where operational matters can be discussed, risks identified and solutions found.

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

    - internal departmental management teams establishing business plans;
    - Chief Officer Group and Senior Leadership Team;
    - Chief Officers share and discuss key issues with senior staff;
    - reporting to the Office of the Police and Crime Commissioner Boards;
    - feedback from the public and other local stakeholders.

- The monitoring processes by which performance against operational, financial and other strategic plans are considered and key issues identified and tasked:

    - departmental meetings monitoring business plans for the year;
    - Force performance meetings;
    - performance indicators;
    - Strategic Workforce Planning Board, controlling the police officer and staff establishments;
    - Force Transformation Board, includes planning capital developments and monitoring their completion and working jointly with the PCC to develop programmes of work to make the Force more economic, efficient and effective.
    - There is a variety of tactical and operational meetings and interactions between the strategic partner G4S and the Commercial Partnership Team, made up of retained Force employees. Governance arrangements, for managing the G4S contract, are in place involving senior PCC and G4S employees attending a number of formal strategic meetings such as the Transactional Management Board, Performance and Delivery Board and the Executive Board.

- 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.

  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 Planning, Innovation and Review Manager 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 will maintain a risk register, and all force projects will maintain a risk register.

In implementing risk management the force has produced a Risk Management Strategy which details the roles and responsibilities of those involved in the undertaking 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 form occurring, therefore, saving time and resources.

The Force Risk Management Board is responsible for the following:

- Determining if risks are organisational.
- Managing and developing the risk management process.
- Reviewing risk assessments.
- Monitoring red and amber risks on a quarterly basis.
- Assigning ‘risk owners’ to areas of greater uncertainty and impact.
- Providing visible leadership and commitment to the 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.

- 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 Office of the Police and Crime Commissioner;

The Police and Crime Commissioner approved a new Scheme of Arrangements (including Finance and Contract regulations) in November 2012.

- 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 our own 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.

- 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.

- 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.

- Management of the Strategic Partnership Contract with G4S is performed by the Commercial Partnership Team.

    - Ensuring compliance with all relevant legislation and commitments/obligations
    - Performance scrutiny of the G4S contract is subject to it's 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 based around the following strands:

    - Honest culture
    - Encourage prevention
    - Promote detection and timely reporting
    - Identify a clear pathway for investigation
    - Training
    - Provide support and guidance for staff that may be in financial difficulty. These staff members are most at risk of fraudulent or corrupt practices.
    - Record of Lincolnshire Police and staff who have been subject of any County Court Judgements or who have been declared bankrupt for example. These notices are securely stored in the Professional Standards Department (PSD).
    - Completion of counter corruption strategy training is mandatory for all staff.

  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

4. REVIEW OF EFFECTIVENESS

The Chief Constable has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework and the system of internal control within the Force. The review of the effectiveness was completed by the Chief Finance Officer together with managers within the Force who have the responsibility for the development and maintenance of the governance environment. In addition, comments made by the internal and external auditors and other review agencies and inspectorates informed the review.

On an on-going 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 a corporate, area and service level.

I have relied upon the assurance received from the Chair of the East Midlands Office of the Police and Crime Commissioner Joint Committee and the Deputy Chief Constable (East Midlands) on the controls and procedures in place to manage the Regional Collaboration within the East Midlands.

5. SIGNIFICANT GOVERNANCE ISSUES

Budget position

Despite undertaking an unprecedented level of business change in recent years, the medium term financial forecast shows a balanced budget 2014/15. Further reductions in Police Funding are expected over the period of the next Government Spending Review. Addressing this issue whilst ensuring service levels are maintained in accordance with the Policing Plan is a major challenge. Work is ongoing to assess how this may be achieved.

Information risk

During 2012/13 the Force has progressed its 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.

An online Information Assurance Training package has been created and the majority of staff have now undertaken this training.

The force has undertaken several physical security surveys on data processor premises, and has accredited two external party premises as Police Approved Secure Facilities (PASF). Any future data Processors must be PASF accredited in order to process Lincolnshire Police data.

Information strategy and policy is approved and deployed by the Information Management Board who also oversee information and data quality issues. Residual risk is controlled on the Chief Constable's behalf by Data Protection, Freedom of Information, Audit, Information Security and Vetting functions.

The Force is continuing to work on the Information Assurance Maturity Model (IAMM) and has progressed in the majority of the compliance areas. Information Asset Owners are aware of their responsibilities and have completed detailed risk assessments on all of their systems. They have also undertaken Information Asset Owner specific online Information Assurance training.

Effective information risk management is the responsibility of all managers within Lincolnshire Police.

Business continuity

During 2012/13 steps have been taken to enhance the Force's approach to business continuity and risk management. Following the completion of a Business Continuity Management Policy, departmental plans have been completed (for both the Force and G4S) and tested during a force wide exercise.

1) Back up Force communications and control

This project has been completed during 2012/13. The Force now has an improved main communications and control centre supported by independent back up facilities.

2) ICT servers

The business continuity / disaster recovery plans continue to be developed as part of the strategic partnership arrangements with G4S. The intention is to relocate the virtualised servers to a hosted data centre. This should be complete in 2013/14.

Business transformation

The Force's response to government funding cuts will be central to the quality of services over the coming years. As a consequence, policing in Lincolnshire is changing. Lincolnshire Police have embarked upon a programme to radically reshape and reorganise the Force to improve efficiency and the quality of service provided to our community.

Significant changes have been made during 2012/13.

1) The Force county-wide "whole force" model has been revised.

Links to local services have been strengthened by re-defining services included in Local Policing and putting two Chief Superintendents in place to manage the East and West of the County.

2) Increased regional collaboration.

Working more closely with other forces across the East Midlands increases our ability to respond to serious and organized crime. Specifically, it will:

- increase resilience in our ability to protect the public from organised crime groups through involvement in regional opportunities for providing protection;
- bolster current resources in areas such as kidnap by sharing specialist resources with other forces in the region;
- ensure local processes are streamlined and able to take full advantage of collaboration, increase specialist resilience and deliver efficiency savings.

The scope of work has increased during the last year, with Occupational Health, Intelligence and Forensics coming under regional collaboration. Future work includes Specialist Operations support.

3) Strategic partnership with G4S

The PCC has completed its first year of a 10-year-contract with G4S to deliver services detailed below:

Operational Services

- Custody & ID Unit(excludes custody sergeant role)
- Force Control Room (excludes inspector role)
- Town Enquiry officers
- Crime Management Bureau
- Central Ticket Office and Collisions Unit
- Criminal Justice Unit
- Firearms Licensing (excluding manager and initially licensing officers)
- Resource Management Unit

Business Support

- ICT
- HR Services (excluding Occupational Health Unit)
- HR Learning & Development
- Assets and Facilities Management (including Fleet Management)
- Finance & Procurement
- Support Services

Assurance on the work of the partner is provided by the Commercial Partnership Team and Retained Finance as described in section 3 above.

The implementation of a strategic partnership, includes the transformation of business processes with the introduction of a new core financial system it is anticipated that this will go live during 2013/14 resulting in significant changes to the systems of operation and control, these will be monitored and reviewed during the year.

4) Establishment of the PCC

Governance arrangements have changed since the last reporting period with the establishment of the PCC. These will need to be embedded. This will include the implementation of Stage 2 transfers between the PCC and Chief Constable. The Chief Officers will continue to work with the PCC to ensure that all necessary processes and procedures are put in place to support these changes.

Conclusions

The reductions to funding and the consequent impact on service provision continues to be an ongoing issue and will be reflected within the Force's risk management arrangements. The Force is committed to regular review of its resource allocation to ensure that future policing arrangements are fit for purpose and efficiencies and saving are identified. Governance requirements will be a fundamental element of the reviews.

Signed

Neil Rhodes
Chief Constable of Lincolnshire Police

On behalf of the senior officers and staff of Lincolnshire Police Force.

Chief Constable for Lincolnshire
Statement of Accounts
2012/13
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Chief Constable for Lincolnshire
Movement in Reserves Statement
2012/13

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

This statement does not show any financial transactions for the year ending 31st March 2013 as all reserves are managed by the PCC. The financial consequences of the operational activities undertaken by the Chief Constable can be seen in the Operating Cost Statement.

	Capital Receipts Reserve £000	Earmarked Reserves £000	General Fund Balance £000	**Total Usable Reserves £000**	Unusable Reserves £000	**Total Chief Constable Reserves £000**
Balance at 31 March 2011	**0**	**0**	**0**	**0**	**0**	**0**
Movement in Reserves during 2010/11						
Surplus on the provision of services	0	0	0	0	0	0
Other Comprehensive Income and Expenditure	0	0	0	0	0	0
Total Comprehensive Income and Expenditure	**0**	**0**	**0**	**0**	**0**	**0**
Adjustments between accounting basis and funding basis under regulations	0	0	0	0	0	0
Net Increase / Decrease before Transfers to Earmarked Reserves	**0**	**0**	**0**	**0**	**0**	**0**
Transfers to/from Earmarked Reserves	0	0	0	0	0	0
Increase/(Decrease) in 2011/12	**0**	**0**	**0**	**0**	**0**	**0**
Balance at 31 March 2012 carried forward	**0**	**0**	**0**	**0**	**0**	**0**
Movement in Reserves during 2012/13						
Surplus on the provision of services	0	0	0	0	0	0
Other Comprehensive Income and Expenditure	0	0	0	0	0	0
Total Comprehensive Income and Expenditure	**0**	**0**	**0**	**0**	**0**	**0**
Adjustments between accounting basis and funding basis under regulations	0	0	0	0	0	0
Net Increase / Decrease before Transfers to Earmarked Reserves	0	0	**0**	**0**	**0**	**0**
Transfers to/from Earmarked Reserves	0	0	0	0	0	0
Increase/(Decrease) in 2012/13	**0**	**0**	**0**	**0**	**0**	**0**
Balance at 31 March 2013 carried forward	**0**	**0**	**0**	**0**	**0**	**0**

Chief Constable for Lincolnshire
Operating Cost Statement
2012/13

The Operating Cost Statement reflects the PCC's financial resources consumed under the control of the Chief Constable. In practice all the respective costs are paid for by the PCC. The intra-group adjustment moves reflects this and results in a nil balance for the Chief Constable.

2011/12				2012/13		
Gross Expenditure £000	**Gross Income £000**	**Net Expenditure £000**		**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**
37,711		37,711	Local Policing	27,058		27,058
762		762	Dealing with the Public	620		620
2,696		2,696	Custody	2,260		2,260
5,370		5,370	Road Policing	3,063		3,063
5,196		5,196	Specialist Operations	4,801		4,801
2,115		2,115	Intelligence	2,711		2,711
25,583		25,583	Investigation	26,341		26,341
0		0	Investigative Support	0		0
2,077		2,077	National Policing	1,763		1,763
81,510	**0**	**81,510**	**Cost of Services**	**68,617**	**0**	**68,617**
	(81,510)	(81,510)	Intra group funding		(68,617)	(68,617)
81,510	**(81,510)**	**0**	**Net cost of services**	**68,617**	**(68,617)**	**0**

Chief Constable for Lincolnshire
Balance Sheet as at 31st March 2013

The Balance Sheet shows the assets, liabilities and reserves at the year end. The Chief Constable does not own any assets nor hold any reserves at the year end under the PCC's current Scheme of Arrangements.
The Balance Sheet is included to show the reader that all balances are accounted for by the PCC as at 31st March 2013.

31 March 2012 £000		31 March 2013 £000
0	Long term assets	0
0	Current assets	0
0	Current liabilities	0
0	Long term liabilities	0
0	**Net assets**	0
	Financed by:	
0	Usable reserves	0
0	Unusable reserves	0
0	**Total reserves**	0

Chief Constable for Lincolnshire
Cash Flow Statement
2012/13

This statement does not show any cash flows for the year ending 31st March 2013 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.

The financial consequences of the operational activities undertaken by the Chief Constable can be seen in the Operating Cost Statement.

2011/12 £000		2012/13 £000
0	Net (Surplus) or Deficit on the Provision of Services	0
0	Adjustments to net surplus or deficit on the provision of services for non-cash movements	0
0	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	0
0	**Net Cash Flows from Operating Activities**	**0**
0	Investing Activities	0
0	Financing Activities	0
0	**Net (Increase) or Decrease in Cash and Cash Equivalents**	**0**
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
2012/13

1. Accounting Policies

General Principles

The Statement of Accounts summarises the entity's transactions for the 2012/13 financial year and its position at the year end of 31st March 2013. The entity 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 2012/13 and the Service Reporting Code of Authority Accounting 2012/13, supported by International Financial Reporting Standards.

The accounting Policies relate to the transactions which have been attributed to the Chief Constable under the Stage 1 transfer from the former Police Authority to the Police and Crime Commissioner.

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.

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. In particular:

- expenses in relation to services provided by employees are recorded as expenditure when the services are received rather than when payments are made.

Provisions

The Chief Constable 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 Operating Cost Statement, the revenue charge for provisions are reflected in the Operating Cost 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 Operating Cost Statement.

Value Added Tax (VAT)

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

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 Operating Cost 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 2013.

Post employment benefits
There are 2 pension schemes for police officers. Both are contract 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 are either 12.25% or 12.5% of pensionable pay. In the new scheme employees contribute either 10.1%, 10.5% or 10.75% 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 Operating Cost Statement to reflect the costs of operating the scheme.

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 Operating Cost Statement of the Chief Constable.

Where an event occurs which is indicative of conditions that arose after the balance sheet date then the amounts recognised in the Operating Cost Statement are not adjusted. Rather, they are disclosed in a separate note to the accounts.

2. Accounting Standards that have been issued but have not yet been adopted

The adoption by the Code of amendments to *IAS 19 Employee Benefits (June 2011 amendments)* takes effect for the accounting period beginning 1 April 2013. These amendments will make it easier for users of financial statements to understand how defined benefit plans affect an entity's financial position, financial performance and cash flows. There will be no changes to pension liabilities of the PCC Group, and so no change in the recharges for police pension costs in the Operating Cost Statement.

3. Judgements in applying accounting policies

In applying the accounting policies set out in Note 1, the entity 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:

- There is uncertainty about service provision following government decisions to reduce future levels of funding for the PCC Group. However, the Group has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Group might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Scheme of Arrangements within the PCC Group and the governance arrangements indicate that the Chief Constable controls police officers, whilst the PCC controls police staff, income, assets, reserves and goods and services. Hence, recharges for police officer salaries and related costs are included in the Operating Cost Statement of the Chief Constable, with all other transactions being recorded in the PCC Statement of Accounts.

4. 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 PCC employs Hymans Robertson actuaries to give expert advice on the estimation of IAS 19 pension costs for police officers and on the assumptions to be used. 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	3%	0.8

Discount Rate		
1 year increase in member life expectancy	3%	0.7
0.5% increase in the Salary Increase Rate	5%	1.2
0.5% increase in the Pensions Increase Rate (CPI)	12%	2.8

5. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Operating Cost 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 differently. Police officer costs are reported to management collectively, with only the costs of regional collaboration separated out. Management reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made for the accrued costs of employee benefits such as annual leave and time owed;
- 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 reconciliation below shows how the figures reported to management are adjusted for inclusion in the Operating Cost Statement.

	2012/13 £000
Police officer costs reported to management	**59,496**
Police Officer salaries within Regional Collaboration	607
Costs of annual leave and time off in lieu not reported to management	56
Actuarial pension costs under IAS 19	8,458
Total as per Operating Cost Statement	**68,617**

6. Remuneration of Senior Staff

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 following tables for Officers' Remuneration. It includes 4 Chief Superintendents for 2011/12 and 3 Chief Superintendents for 2012/13.

Remuneration Range	2011/12 Number of employees	2012/13 Number of employees
£50,000 to £54,999	60	47
£55,000 to £59,999	28	25
£60,000 to £64,999	6	5
£65,000 to £69,999	-	1
£70,000 to £74,999	5	2
£75,000 to £79,999	5	7
£80,000 to £84,999	2	-
£85,000 to £89,999	2	3
£90,000 to £94,999	1	-
£100,000 to £104,999	-	-
£105,000 to £109,999	-	-

Severance Payments

There were no severance payments for police officers.

2011/12 Chief Officers' Remuneration

Post title	Notes	Salaries, fees or allowances £	Performance related pay £	Other benefits receivable in the role £	**Total remuneration excluding pension contributions 2011/12 £**	Employer's pension contribution £	**Total remuneration including pension contributions 2011/12 £**
Police officers							
Chief Constable		134,381		6,695	**141,076**		**141,076**
Deputy Chief Constable		113,613	5,387	3,048	**122,048**	26,347	**148,395**
Temporary Deputy Chief Constable*		137,364			**137,364**	23,504	**160,868**
Assistant Chief Constable 1		108,089		3,192	**111,281**	25,249	**136,530**
Assistant Chief Constable 2	01/04/2011 to 25/03/12	93,150	3,154	2,380	**98,684**	21,602	**120,286**

* This Officer has been seconded from Lincolnshire Police to the post of Chief Executive of the Child Exploitation and Online Protection Centre (CEOP). The full costs are reimbursed.

2012/13 Chief Officers' Remuneration

Post title	Notes	Salaries, fees or allowances £	Performance related pay £	Other benefits receivable in the role £	**Total remuneration excluding pension contributions 2011/12 £**	Employer's pension contribution £	**Total remuneration including pension contributions 2011/12 £**
Police officers							
Temporary Chief Constable		136,219		3,086	**139,305**	31,471	**170,776**
Temporary Deputy Chief Constable		106,654		3,103	**109,757**	24,152	**133,909**
Temporary Deputy Chief Constable*		125,417	7,500		**132,917**	31,398	**164,315**
Assistant Chief Constable 1		109,602		2,827	**112,429**	25,615	**138,044**
Temporary Assistant Chief Constable 2		93,951		1,864	**95,815**	21,956	**117,771**

* This Officer has been seconded from Lincolnshire Police to the post of Chief Executive of the Child Exploitation and Online Protection Centre (CEOP). The full costs are reimbursed.

7. 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 Chief Constable or to be controlled or influenced by the Chief Constable. 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 the entity.

UK Central Government
The UK central government has effective control over the general operations of the PCC Group and consequently the Chief Constable. 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. Home Office Grants credited to the Comprehensive Income and Expenditure Statement of the group accounts in 2012/13 amounted to £86,333k (Note 47). Grant receipts outstanding at 31 March 2013 are also shown in Note 47 of the group accounts.

Chief Constable 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 of £68,617k is shown in the Operating Cost Statement.

Members
Prior to 22nd November 2012 there were 9 members of the Police Authority. None of the members had direct control over the Authority's financial and operating policies.

The Police Authority maintained a 'Register of Members' Interests' during this period. In addition, Members were required to declare personal and / or prejudicial interests before any discussion or decision were made by the Authority.

Officers
The total remuneration to senior staff in 2012/13 is shown in Note 6 above. All senior officers employed by the Chief Constable at the 31st March 2013 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.

Other Public Bodies
Regional collaboration with other East Midlands police forces is described in Note 42 of the group accounts. £607k of regional police officer costs are included in the Operating Cost Statement.

8. Pension costs

Police officers are in receipt of retirement benefits as part of the terms and conditions of their employment.

There are two pension schemes for police officers, the 2006 New Police Pension Scheme (NPPS) and the Police Pension Scheme (PPS), both of which are unfunded, defined benefit pension schemes. An unfunded, defined benefit scheme has no investment assets to meet its pension liability and must generate cash to meet the actual pension payments as they fall due. These benefits payable are funded by contributions from employers and police officers and any shortfall is met by a top up grant from the Home Office. Further details of the schemes can be found in the Police Officer Pensions Home Office Memorandum Account.

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 PCC 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 Operating Cost 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 2012/13 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 2012/13 and the valuation of the scheme at the balance sheet date have been produced by Hymans Robertson actuaries.

	2012/13 £000
Current service cost	19,900
Contributions by members	4,900
Pension and lump sum expenditure	(32,400)
Transfers in from other authorities	100
Transfers out to other authorities	(200)
Injury award expenditure	(700)
Home Office top up	16,858
Total	**8,458**

Police officer contributions to the scheme amounted to £4.9 million and employer pension contributions were £9.9 million in the year ended 31 March 2013.

Expected employer contributions for the Police Pension Scheme in the year to 31 March 2014 are £9.6 million.

Chief Constable for Lincolnshire

Police Officer Pensions - Home Office Memorandum Account

2012/13

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

2011/12 £000	Fund account	2012/13 £000
	Contributions Receivable	
	From Employer:	
10,286	Normal	9,883
561	Early Retirements	569
5	Reimbursement of Unabated Pensions of 30+ Police Officers	4
201	Recovery from PCC for Humberside	178
	From Members:	
4,565	Contributions	4,858
231	Individual Transfers in from Other Schemes	98
15,850		**15,591**
	Benefits Payable	
24,037	Pensions	25,877
6,051	Commutations	6,361
0	Lump Sum Death Benefits	-
5	Unabated Pension of 30+ Police Officers	4
	Payments To and On Account of Leavers	
17	Refunds of Contributions	-
318	Individual Transfers Out	206
18	Employers Sanction Charge	-
-	Equivalent Premium	-
30,445		**32,449**
14,596	**Sub-total for the year before transfer from PCC for Lincolnshire of amount equal to the deficit**	**16,858**
(14,596)	**Additional funding payable by PCC for Lincolnshire to meet deficit for the year**	**(16,858)**
-	**Net Amount payable/(receivable) by PCC for Lincolnshire**	-

Disclosure Notes

1. The operation of the Pension Fund for police bodies 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 group's operating account. The employer contribution rate is 24.2% of pensionable pay. Employees' contributions in the old scheme are either 12.25% or 12.5% of pensionable pay. In the new scheme employees contribute either 10.1%, 10.5% or 10.75% of pensionable pay.

2. 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.

3. The accounting policies followed are in accordance with Note 1 on pages 27 to 43.

4. The Police Officer Pensions - Home Office Memorandum Account does not take account of liabilities to pay pensions and benefits after the period end.

5. The net amount receivable of £2,838,721 is shown in PCC for Lincolnshire accounts as due from the Home Office.

2011/12 £000	Net Asset Statement as at 31st March	2012/13 £000
	Net Current Assets and Liabilities	
2,102	Pension benefits paid in advance	**2,280**
0	Receivable from PCC for Humberside	**28**
(2,102)	Creditors to the PCC for Lincolnshire	**(2,308)**
-	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 Police Authority 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 fixed assets 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 and other fixed assets (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 monies are paid into the fund. These are distributed to precepting and billing Authority's in proportion to the council tax set.

Creditors

Amounts owed by the Authority 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 Authority but unpaid at 31 March.

Depreciation

The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset.

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 Police Authority Reserves, which are retained for specific purposes.

EMSOU

East Midland Special Operations Unit

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.

Flexi Time

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

FRS

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

Government Grants

Payments by Central Government towards the Police Authority'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.

Intra Group Funding

Transfers of income between members of the group. Typically this will be delegated allocations from the PCC to the Chief Constable

Long Term Debtors

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

Minimum Revenue Provision (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.

Non Domestic Rates

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

Non Operational Assets

Fixed Assets held by a local authority 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

Precept

The amount levied by one authority which is collected by another e.g. the Police Authority is the precepting authority and the District Councils are the collecting authorities.

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.

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 Authority 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 a long-term asset's value 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.

Virement

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