Lincolnshire POLICE
policing with PRIDE

Chief Constable for Lincolnshire

Financial Statements

2018/19

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Chief Constable for Lincolnshire

Statement of Accounts 2018/19

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Introduction to the Financial Statements

Chief Constable Bill Skelly

Since November 2012, policing services have been provided by two separate entities under the respective leaderships of the Police and Crime Commissioner (PCC) and the Chief Constable.

During the previous year, I published my strategic vision “Distinctively Lincolnshire” which set out our mission statement and how I see the role of policing in Lincolnshire; my commitment to supporting the aims of the Police and Crime Commissioner’s Police and Crime Plan; and my goals for Lincolnshire Police. This strategy has continued to define the work undertaken in 2018/19 to deliver my stated goals.

Following the publication of “Distinctively Lincolnshire”, work begun in the previous year has continued in 2018/19 to finalise the delivery plans underpinning it, which are designed to ensure that the force focuses on the four principles of the Police and Crime Plan:

- Community safety and prevention through partnership;
- Listening, responding and being accountable;
- Protecting and supporting victims and the vulnerable;
- Policing that works.

I have two broad goals for Lincolnshire Police:

- To provide a quality of service that meets the expectations of our communities; and
- To support our staff to feel healthy and valued.

In 2018/19, a substantial piece of work was commissioned and delivered to assist the force in understanding and forecasting its demand for services. The purpose of this was to better manage demand and so be clearer about the levels of service the public should expect; and to assist in providing the right tools to get our people into the right place at the right time. Supporting our people in their wellbeing; physically, emotionally, mentally and feeling engaged, remains a vital element in achieving our mission for the public. Key components in achieving these goals are the Wellbeing Strategy and our Technology Futures Programme, which seeks to maximise operational efficiency through investment in appropriate

technology. The development of these strategies was the focus in 2017/18; the appropriate governance structure was firmly established in 2018/19 and implementation commenced. The strategies continue to form the basis of our capital programme for the next few years.

The force was successful in obtaining £0.120m Police Transformation Funding through the College of Policing to conduct a trial project for psychological screening as part of developing delivery mechanisms for the national Wellbeing strategy.

A major IT project commenced in 2018/19 to replace the force's Command and Control system with the latest technology, which together with a full review of our operational procedures in call handling, is expected to delivery significant efficiency savings and enhance our service to the public.

The force had been successful in obtaining £1.37m Police Transformation Funding in 2017/18 for a joint project with Sussex Police, Women's Aid Federation England and Respect, to develop Early Intervention Response (EIR) to perpetrators of domestic abuse. Following implementation in the latter part of 2017/18, the project continued to gather pace in 2018/19 and funding has been confirmed for the final year of the project in 2019/20. This has been a significant investment which is already delivering benefits to victims of domestic abuse in the county through development of these services in collaboration with our partners.

My aim for 2018/19 has been to spend my delegated budget to support our police officers to deliver effective policing to the public of Lincolnshire. Following increased recruitment in 2017/18 and 2018/19, the police officer workforce was brought up to target strength during the year. We also undertook a targeted campaign to attract recruits fluent in Eastern European languages to improve engagement with those communities containing a significant proportion of people of Eastern European origin. This was successful and widely supported throughout the county. We continued to invest in civilian investigators as operational support staff, as this approach had proved successful in 2017/18. This has also been factored into future workforce planning as it provides a cost effective service in support of police officers. The force is facing a significant budget gap in 2019/20 and beyond and has implemented an ambitious savings programme to maintain a balanced budget. Given that the force has successfully delivered substantial year on year savings since 2010, workforce reductions are unavoidable in the future and so we continue to explore alternative methods of service delivery to realise best value from our budget.

All the financial transactions for 2018/19, relating to the activities of the Chief Constable in accordance with the delegated arrangements agreed by the PCC, are recognised and recorded in these financial statements. In order to comply with accounting requirements, all the main accounting statements are presented even where there are few transactions to report. The Statement of Accounts sets out the financial performance and financial position of the Chief Constable as at 31 March 2019.

Roles and Responsibilities

The Commissioner and the Chief Constable have specific roles and responsibilities as determined under the Police Reform and Social Responsibility Act 2011. The Commissioner provides a link between the police and the community, he sets out the strategic policing and crime priorities and objectives through the publication of a Police and Crime Plan and also sets the policing and crime precept. The Chief Constable is operationally independent of the Commissioner but must have regard to the Commissioner's Police and Crime Plan.

The Chief Constable has direction and control over the force's police officers and staff. Under the Integrated Scheme of Governance, the Chief Constable has certain specific delegated powers which are set out in the Scheme of Consent and Scheme of Delegation.

The organisation consists of three distinct areas of operational command led by Chief Superintendents:

- 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.

The strategic partnership contract with G4S provides a wide range of operational policing and support functions to the Chief Constable. The contract is held by the PCC, so these costs are not included in the Chief Constable's financial statements. The operational policing services include Town Enquiry Officers, the Force Control Room, the Crime Management Bureau, Custody, the Criminal Justice Unit and Firearms Licensing. The cost of these services was £10.6m in 2018/19. The support functions provided within the contract include HR, Learning & Development, Finance, ICT and Facilities Management. The cost of these services was £11.7m in 2018/19.

In addition, the Force undertakes the provision of specialised policing services through regional collaboration with neighbouring forces in the East Midlands. This includes the East Midlands Special Operations Unit (EMSOU), East Midlands Operational Support Services (EMOpSS), East Midlands Criminal Justice Services (EMCJS) and East Midlands Police Legal Services (EMPLS).

The Chief Officers of Lincolnshire Police on 31 March 2019 were:

Bill Skelly	Chief Constable
Craig Naylor	Deputy Chief Constable
Kerrin Wilson	Assistant Chief Constable
Shaun West	Assistant Chief Constable
Andrew White	Assistant Chief Officer - Resources
Sharon Clark	Force Chief Finance Officer

The Statement of Accounts

The 2018/19 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 2018;
- The Scheme of Delegation including Financial and Contract Regulations.

Further Information

The Statement of Accounts 2018/19 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.

Bill Skelly
Chief Constable for Lincolnshire

Annual Governance Statement 2018/19

FOREWORD

The following Annual Governance Statement was prepared during May 2019 and published alongside the unaudited Financial Statements for 2018/19 on 31 May 2019. As a result of resourcing pressures experienced by our external auditors, EY LLP, the external audit of the draft Financial Statements 2018/19 was delayed until June 2020.

The Annual Governance Statement has not been updated to reflect progress on governance matters since May 2019 nor to reflect changes in the external environment such as changes in government policy, the exit of the UK from the European Union and the Covid-19 pandemic. An updated Annual Governance Statement will be published alongside the draft Financial Statements for 2019/20 in accordance with the statutory timescale.

Below are details of the Chief Constable for Lincolnshire's governance arrangements in operation during 2018/19 including plans for the financial year 2019/20.

1. Introduction

1.1 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.

1.2 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 effective our governance arrangements have been over the last 12 months and sets out areas for development. The Chief Constable's Statement is intended to support the Police and Crime Commissioner Group governance arrangements which are detailed in that separate set of accounts.

2. Scope of Responsibilities

2.1 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.

2.2 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.

2.3 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.

2.4 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 https://www.lincs.police.uk/media/252648/code-of-corporate-governance-for-the-chief-constable-of-lincolnshire.pdf or can be obtained from:

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

2.5 This statement explains how the Chief Constable has complied with the Code and also meets the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement.

2.6 Section 3.7.4 of the Code of Practice on Local Authority Accounting for 2018/19 requires the Chief Constable's financial management arrangements to conform to 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 Chief Constable's financial management arrangements did not conform for part of the financial year, in that the management structure of the force was not fully compliant with the CIPFA Statement on the Role of the Chief Finance Officer (CFO) of the Chief Constable. The Chief Constable's financial management arrangements have been reviewed during the past year in line with other governance changes to provide greater ownership of many areas of the policing business. The management structure of the force is now fully compliant with the CIPFA Statement on the Role of the Chief Finance Officer (CFO) of the Chief Constable.

3. The Purpose of the Governance Framework

3.1 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.

3.2 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.

3.3 The governance framework has been in place for the year ended 31 March 2019 and up to the date of approval of the statement of accounts.

4. The Governance Framework

4.1 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.

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

- Identifying and communicating the Operational Policing Plan, purpose and intended outcomes; the Plan is built from four elements:
    - The Police and Crime Commissioner's Police and Crime Plan
    - The Chief Constable's Strategic Plan – "Distinctively Lincolnshire"
    - The national Strategic Policing Requirement
    - The Community Safety Partnership Control Strategy
- 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 scrutinising 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 and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks and resources;
- 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, investigating, and reporting upon complaints from the public, and other stakeholders;
- Determining the conditions of employment and remuneration of officers and staff, within appropriate national frameworks;
- 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;
- 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;
- Preparedness for dealing with emergency situations.

4.3 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;

- The tactical tasking and coordinating process is conducted in line with the National Intelligence Model including Daily Management Meetings with operational managers, Area Tasking , Force Tasking and Regional Tasking meetings which address both the Force objectives and emerging operational risk issues;

- Operational Commanders conference where operational matters can be discussed, risks identified and solutions found;

- The force engages with the National Police Chiefs Council to ensure that standards defined in the Strategic Policing requirement are met and the operational response from Lincolnshire Police is capable of adding to the national effort to meet the extremis needs of the country;

- The Community Safety Partnership Control Strategy.

4.4 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 Distinctively Lincolnshire Board;

- Chief Officers share and discuss key issues with senior staff;

- Reporting to the Police and Crime Strategic Board (PCSB); monthly monitoring of the financial plans to COG and PCSB; and an annual governance report is provided to the PCC, detailing the years' activity with regard to the financial and contract regulations, procurement, insurance, debtors and treasury management, and 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.

4.5 The Force operates a strategic decision-making board which is the Distinctively Lincolnshire Board (DLB). The Quality of Service Board, Wellbeing Board and Change Board operate as sub-committees of the DLB, reporting by exception and referring significant decisions for approval. The Terms of Reference of the DLB are:

- To provide long-term strategic direction and act as the decision-making body on significant decisions, working collaboratively with shared responsibility for the delivery of the force objectives, as set out in the Distinctively Lincolnshire strategic plan;

- To monitor performance and delivery of the Distinctively Lincolnshire strategic plan, holding to account those senior managers responsible for relevant Delivery Plans and objectives;

- To consider, assess and direct activities (where relevant) around risk, equalities, partnerships and best value as they relate to Wellbeing and Quality of Service;

- To consider risk, issues, recommendations and other matters escalated from operational meetings;

- To approve Distinctively Lincolnshire performance reports to be provided to the PCC;

- To periodically review the Distinctively Lincolnshire strategy to ensure it remains current and relevant.

4.6 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:

- 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.

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

- Her Majesty's Inspector of Constabulary and Fire & Rescue Services (HMICFRS);

- External Audit;

- HM Revenue and Customs;

- Internal Audit;

- local communities; and

- the media.

4.8 A National Code of Ethics for the Police Service, developed by the College of Policing, and embedded and enshrined by Parliament; applies to all forces that are required 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; 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.

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

5. Risk Management

5.1 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.

5.2 Risk registers are a key tool in providing assurance to the Force and to the Police and Crime Commissioner (PCC) 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 Team meetings and the Joint Independent Audit Committee.

5.3 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 and Fire & Rescue Services (HMICFRS) that work with the Force and the Office of Police and Crime Commissioner (OPCC) to ensure the risk management process is effective and robust.

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

5.5 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.

5.6 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.

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

5.8 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.

5.9 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	• 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	• 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	• 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 Manager's limit of authority to manage the risk has been reached.
Project	• 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	• 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

5.10 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 follows a set standard and process for risk management to ensure a consistent approach is adopted across the whole organisation. The Risk Management Strategy is reviewed by JIAC.

5.11 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.

5.12 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.

5.13 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 advising on the total risk to which the Force is exposed. Risk focal points within each division and department have also been nominated.

5.14 The PCC and the Force maintain an extensive assurance map in conjunction with the strategic risk registers and process risks. The assurance map is based on the three lines of defence approach and is suitably comprehensive and effective for the purpose of assuring on established mitigations and scoring of strategic risks.

The force risk process was subject of internal audit in 2018 where the score identified that the risk processes provided significant assurance.

6. Review of Effectiveness

6.1 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.

6.2 This review has been informed by the work of the Deputy Chief Constable (DCC) and Force Chief Finance 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.

6.3 Following an internal audit tender process, Mazars LLP were appointed internal auditors for the period April 2015 to March 2019. This contract has been extended for a further 3 years under the extension period allowed for in the contract.

6.4 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.

6.5 The Commissioner and Chief Constable have a Joint Independent Audit Committee (JIAC). 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 is subject to an annual self-assessment.

6.6 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 Head of Internal Audit provides an opinion for each of the Police and Crime Commissioner and Chief Constable corporations sole, based on the work undertaken in the year, on the adequacy and effectiveness of the assurance framework, risk management, internal control and governance. The External Auditor provides an opinion on the financial statements/value for money.

6.7 For the Chief Constable corporation sole, the following opinion was provided for 2018/19:

6.8 Our overall opinion is that adequate and effective risk management, control and governance processes were in place to manage the achievement of the organisation's objectives. We have, however, identified weaknesses in respect of HR – Recruit to Reward.

6.9 Following the issue of the 'limited assurance' opinion in respect of the HR – Recruit to Reward internal audit, the Chief Constable put in place an action plan to address the recommendations that were agreed following the audit. A follow-up internal audit during 2019/20 will review the implementation of these recommendations and will carry out further compliance testing to provide assurance that the controls have been effectively embedded.

6.10 The Performance Governance meetings consider police performance. The Police and Crime Strategic Board (PCSB) considers long term strategy development, the assurance map, significant and emerging risk areas, the Chief Constable's report, and financial and people resources.

6.11 The effectiveness of the governance framework is reviewed annually by the Chief Constable. The review has been informed by:

- Consideration of the Chief Constable's risk management regime;
- The code of corporate governance;
- The Integrated Scheme of Governance (ISG) which came into effect on 1 April 2014 and was reviewed in November 2015 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);
- HMICFRS 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, all of which are discussed at the Strategic Management Board;
- Feedback received from the JIAC.

6.12 In 2018 HMICFRS introduced the Integrated PEEL Assessment (IPA) and Force Management Statements (FMS) as an integral part of the revised Integrated PEEL Assessment (IPA). The evidence is used to assess the three pillars of effectiveness, efficiency and legitimacy of the Police Service, each pillar is led by a chief officer.

HMICFRS has introduced these assessments so that the public will be able to assess the performance of their own Force. Forces will be required to publish the Force Management Statements in future years, although this requirement was been waived for the first year.

6.13 HMICFRS published the last PEEL Efficiency (including Leadership) report in November 2017 which assessed Lincolnshire Police on how efficient the force is at keeping people safe and reducing crime which included the following:

- How well does the force understand demand;
- How well does the force use its resources;
- How well is the force planning for the future?

This was the last PEEL Efficiency inspection before the introduction of FMS. There was no Efficiency inspection of Lincolnshire Police in 2018 as HMICFRS concentrated on the introduction of FMS. The first integrated PEEL inspection of Lincolnshire Police started its data collection in March 2019 with the formal inspection taking place in June 2019 and the results will be published later in the year.

6.14 In 2017 HMICFRS's findings were:

The extent to which Lincolnshire Police is effective at keeping people safe and reducing crime was assessed as "requires improvement".

HMICFRS stated:

> "Lincolnshire Police provides a good policing service to its communities at one of the lowest costs per head of the population in England and Wales. It has entered into local partnerships, for example, with local authorities, has outsourced services to the private sector and has undertaken extensive collaborative work. However, because the last comprehensive review of demand took place some time ago, the force now has an incomplete understanding of the current, complex and future demand for its services. HMICFRS expects forces to have a continuing process in place to understand demand. In addition, the force is not sufficiently developed in how it plans to respond to an uncertain financial future and to provide efficient and effective policing."

6.15 HMICFRS assessed the force as "Good" in its use of resources but "requires improvement" in its understanding of demand and planning for the future. HMICFRS acknowledged the recent changes in the chief officer team at that time and looked forward to the new Chief Constable, and his team, taking on these challenges and stated that it was confident that "the team will develop clear plans, and take swift action to maintain effective policing if funding is not increased in line with the force's current expectations".

6.16 HMICFRS conducted National Child Protection and Crime Data Integrity Inspections in 2018.

6.17 The Crime Data Integrity Inspection was published in July 2018. The overall judgement was Inadequate, stating that the force failed to record over 9,400 crimes each year. The force was disappointed with this result and robustly challenged the findings as it was felt that whilst there were differences in the processes of recording crimes, the "non-compliance" recorded by HMICFRS did not fail victims of crime. Rather, this was a case of recording multiple instances of crime with one victim as a single incident. The victim

was identified and supported appropriately throughout the process, even if the total number of crimes had not been recorded as such. The force has now made changes to the crime recording processes so that compliance will be observed going forward.

6.18 The National Child Protection Inspection took place in September 2018 and the final report published in February 2019. The report acknowledged the clear commitment of senior leaders within the force to child protection and safeguarding and improving its services for children. It identified the main areas for attention as lack of effective supervision and appropriate training provision. The report also recognised that the force engages well with local authority partners. The report made a number of recommendations for immediate attention, within 3 months and 6 months and stated that subject to receiving an update and action plan from the force, HMICFRS would revisit no later than 6 months to assess the implementation of the recommendations.

6.19 Assurance on the effectiveness of the Chief Constable's financial controls has been provided by the Force Chief Finance Officer 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).

6.20 The Integrated Scheme of Governance (ISG) was introduced in April 2014 to reflect the new governance arrangements arising from the Police Reform and Social Responsibility Act 2011. The JIAC has been consulted on the scheme and its content is reviewed annually. The ISG was reviewed in November 2015 and whilst determined to be fit for purpose required some minor updating. This was reviewed by JIAC in April 2018.

6.21 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 undertook an audit of the controls and processes in place in respect of risk management in 2018/19 and provided a "significant assurance" opinion.

6.22 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 of the Anti-Fraud and Corruption Board 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 arising. 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 PCSB adopted the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption published in 2014 and has implemented an effective anti-fraud and corruption strategy. An assessment of the Force capability has been made against the adopted CIPFA code.

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

6.24 The Chief Constable has been advised on the implications of the result of the review of the effectiveness of the governance framework by the executive team and that the arrangements continue to be regarded as fit for purpose in accordance with the

governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

7. Significant Governance Issues

7.1 No significant governance issues occurred during the year which have not already been addressed through the risk register.

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

7.3 Alongside the Risk Register, 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.

7.4 Over the course of the last year the RAG ratings of the assurance map have been the subject of significant discussion and challenge between the Force and the OPCC. Joint work continues to reflect the Force's emerging approach to delivery management and to flex the assurance framework to match reality in this changing environment. There remains a shared strong commitment to a joint assurance map.

7.5 Significant control issues are considered jointly by the force and OPCC on a quarterly basis. This supports the continuous assessment of the effectiveness of the management of risk and internal control and helps to drive appropriate action.

7.6 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.

7.7 The Chief Constable's significant governance issues are detailed below and include an outline of the actions taken or further work that is required to address the issues. Significant governance issues are reported to the JIAC at least 4 times each year.

7.7.1 Risk of failure to persuade government of Lincolnshire's case for a fairer share of national funding.

7.7.1.1 The Government originally consulted on a new funding allocation model in 2015/16. Under the original proposal, Lincolnshire would have benefited by around £8 million annually. The implementation was then halted due to technical issues with the data, pending further work. The Policing Minister confirmed that he intended to undertake further public consultation before reaching final decisions. The consultation planned for the early part of 2017/18 did not take place as a result of the general election in 2017. The Policing Minister has confirmed that whilst the government remain committed to reviewing the core grant allocation, this will form part of the next Spending review for implementation in 2021/22. If this should be subject to further delay, then Lincolnshire Police face an increasing budgetary gap which will necessitate significant workforce reductions to deliver a balanced budget position, placing service delivery at risk.

7.7.2 Risk of failure to achieve and demonstrate efficiencies and value for money.

7.7.2.1 The Commissioner and Chief Constable both have a statutory duty to make the best use of resources available to them. The capital programme continues to support this by investing in technology which improves operational efficiency such as improved Telephony, Mobile Data, a new Command & Control system and Fleet telematics. Investment decisions and benefits realisation are undertaken by the Force Change Board and monitored by the Resources Governance meeting and the Police and Crime Strategic Board; independent assurance is gained through HMICFRS. The Financial Strategy includes performance measures relating to both financial health and financial performance, supported by a number of plans and policies. Internal Audit conducted an audit into benefits realisation in March 2018 and found satisfactory assurance in the processes.

7.7.3 Risk of failure to deliver and demonstrate Value for Money in regional collaboration.

7.7.3.1 The Commissioner and Chief Constable collaborate with the East Midlands region in many operational and back office areas. During 2018/19, Internal Audit undertook the following thematic audits across all the regional collaborations:

- Strategic Financial Planning;
- Risk Management;
- Business Planning.

and conducted an audit on the projected underspend across the collaborations.

Internal Audit provided “Satisfactory Assurance” opinions for the three thematic audits. The final audit into the projected underspend is still in draft and will be reported to JIAC in due course.

Following the review of EMOpSS in 2017/18, Nottinghamshire Police withdrew from the collaboration with effect from 1st May 2018. Leicestershire, Northamptonshire and Lincolnshire Police forces remained committed to the collaboration and a joint project team was established to develop a three force operational model. This work has now concluded and the business case for a revised operational model was agreed at the EMOpSS Senior Management Board on 17th May 2019. This will now form the basis for a revised S22 agreement which will be submitted to the three Chief Constables and PCC’s for ratification.

7.7.4 Risk of failure to deliver objectives of tri-service "Blue Light Programme".

7.7.4.1 This is an ambitious programme of work between Lincolnshire Police (LP), Lincolnshire County Council (LCC) Lincolnshire Fire & Rescue (LFR) and the East Midlands Ambulance Service (EMAS). The purpose of the programme is the integration of blue light services and closer working to deliver efficiencies. It includes a broad ranging estates review and a project team, looking at interoperability and opportunities for integration.

7.7.4.2 The capital element of the programme includes the shared headquarters project whereby LFR and LP will share the current Police HQ in Nettleham and a shared control room, and the Blue Light Campus, a tri-service integrated operational station of circa 400 frontline personnel. The shared HQ works were completed in November 2017. The Blue

Light Campus was completed in summer 2019 and Lincolnshire Police moved into the new premises in September 2019.

7.7.4.3 The programme has attracted over £7.5 m of Police Innovation funding and financial commitment from LCC and EMAS. The programme is expected to deliver significant benefits to Lincolnshire Police and its partners and to the public of Lincolnshire.

7.7.4.4 The governance and project management of this programme of work was a major undertaking in its own right. The programme involved both capital investment and revenue funding by the PCC to deliver the programme. The project risk was previously assessed as red in the PCC's Risk Register due to increase in costs but . as the project drew closer to completion, the issues were resolved and the risk score was reduced accordingly.

8. Information Risk

8.1 The Force Information Risk Appetite remains set as OPEN;

Willing to consider all options and choose the one that is most likely to result in successful delivery minimising residual risk as far as possible, while also providing an acceptable level of business benefit.

8.2 During 2018/19 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.

8.3 All officers and staff have completed an online Data Protection training course.

8.4 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.

8.5 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 Management Board and Risk Management Board to the SIRO. Additionally, the Information Management Board discusses information risk as an agenda item. All Information Asset Owners have completed detailed risk assessments on all of their systems. They have also undertaken Information Asset Owner specific online information assurance training.

8.6 The Force has completed a full audit of information held in order to assess against GDPR and the Data Protection Act 2018 requirements. The areas audited include lawful purpose for processing, retention period, audit & logging capability, disclosure of information and security controls. Any non-compliances post 25 May 2018 will be added to the Force Risk register.

8.7 Regular (bi-weekly) meetings between the Information Assurance and IT staff continue to ensure that risks identified through IT Health Checks or system accreditation are mitigated in an appropriate timeframe.

9. Future Plans

9.1 Over the coming year, where necessary, we will continue our plans to address the above matters and to further enhance our governance arrangements. These steps will address

the need for improvements that were identified in the review of effectiveness and their implementation will be monitored as part of our next annual review.

SIGNED

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Bill Skelly

Chief Constable for Lincolnshire

Date

Chief Finance Officer's Narrative Report

The Narrative Report to the financial statements provides a guide to the most significant matters reported in the accounts and includes key performance information, a comparison of outturn figures to the budget and highlights significant areas of expenditure and major changes.

Introduction

I am pleased to present the Statement of Accounts for the Chief Constable of Lincolnshire for the financial year 2018/19. This Statement of Accounts sets out the overall financial position of the Chief Constable for Lincolnshire for the year ended 31 March 2019.

The Chief Constable of Lincolnshire is responsible for providing operational policing services to a population in excess of 710,000 dispersed across a large geographical area of 590,000 hectares.

The Police and Crime Commissioner (PCC) for Lincolnshire determines the level of funding allocated to the Chief Constable for the provision of policing services within Lincolnshire.

The amount of Government grant is reducing in real terms each year. In 2018/19, despite the 5.8% increase of the council tax precept, overall funding reduced in real terms meaning that a £5M contribution from reserves had to be used to meet the increasing costs incurred from rising demand and inflationary pressures.

The review of the methodology by which government grant is distributed between Forces (the funding formula review) has been further delayed and whilst the Government have committed to addressing the funding formula as part of the next Spending Review in 20/21, further slippage is possible. Consequently, the police service continues to face uncertainty regarding future funding levels.

The economic uncertainty created by Brexit will continue to impact future central Government expenditure with a consequential impact on police funding. Continuing funding uncertainty underlines the need for robust plans with adequate levels of reserves.

Governance

The Chief Constable is responsible for operational policing within Lincolnshire, with the PCC being responsible for the totality of policing.

The Chief Constable holds joint responsibility with the PCC for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. To discharge this accountability, the PCC and Chief Constable must put in place procedures for the governance and stewardship of the resources at their disposal.

The annual review of Governance and Internal Control is included within the arrangements for producing the Annual Governance Statement, which forms part of these Financial Statements.

Organisation

The PCC receives all funding and income and makes all payments for the PCC Group. Under a detailed Scheme of Delegation an annual budget is provided, following consultation with the Chief Constable, for fulfilling the requirements for policing Lincolnshire in accordance with the Police and Crime Plan. The Chief Constable spends his delegated budget to provide the operational policing services in Lincolnshire.

All Police Officers, and the majority of police staff (other than a small number relating to the PCC's Office, Victim Lincs staff, and regional support arrangements) are in the Chief Constable's employment.

These Financial Statements reflect the cost of providing operational policing, with the PCC's accounts showing a commensurate transfer of resources to the Chief Constable. A separate set of accounts has been published for the PCC and the PCC Group, which consolidates the Chief Constable's accounts and also recognises all of the transactions incurred during 2018/19 for policing in Lincolnshire.

The Strategic Partnership contract is formally held by the PCC for the provision of a wide range of operational and support functions to the Chief Constable. This has been accounted for in full in the PCC's accounts, reflecting the contractual, budgetary and management responsibility. However, in order to understand the full operating cost of the Force, further information is included in the Comprehensive Income and Expenditure Statement and in the Financial Performance section of this report.

Lincolnshire Police is one of five regional forces in the East Midlands and works closely with the other four across various collaborations to provide an efficient service. More detail and how the regional accounts are accounted for in these Financial Statements is provided in Note 15.

Performance

Lincolnshire continues to maintain its place as one of the safest places to live in the UK with the eighth lowest crime rate per 1,000 people according to the latest report by the Office for National Statistics.

Since last year the Force has made changes to how it records crime following the HMICFRS Crime Data Integrity inspection. This means that the Force now counts separately individual crimes in cases of multiple crimes with a single victim. This means that we are now recording more crimes than in previous years making previous year comparison difficult.

Whilst Lincolnshire is graded as one of the lowest forces in terms of crime levels, with 48,569 offences recorded in the year ending December 2018, there has been a 20% annual increase in overall crime (excluding fraud). This is a higher increase than was experienced at a national level where crime has risen by 7%.

Sexual offences have increased year on year by 31%, a higher increase than the national average of 10%. The Chief Constable has worked hard to create a culture which encourages people to trust that complaints of sexual crimes will be treated both sensitively and seriously. As a result there have been unprecedented levels of historical offences being reported and that will have had some effect on the figure. Lincolnshire Police also has an enviable level of successful prosecutions in sexual offences cases, so the growing level of reporting means more offenders can be prosecuted and removed from our communities.

Criminal damage and arson made up a significant proportion of crimes in the county with 6,082 offences recorded representing an increase of 8.6% on last year; this was higher than the national average which saw a decrease of 21%.

The Force recorded decreases on previous years in the areas of theft (2%), burglaries (11%) and vehicle offences (13%).

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

Gender Pay Gap

Overview

The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 came into effect on 31 March 2017, which requires public sector authorities with 250 or more employees to publish statutory calculations every year showing how large the pay gap is between their male and female employees. Lincolnshire Police employ around 1,500 people, and therefore the results of our calculations can be found below.

What is Gender Pay Reporting?

It is important to understand that pay for both police officers and staff is determined nationally and to recognise that gender pay reporting is not the same as equal pay. Equal pay is ensuring equal pay for equal work; however gender pay reporting compares hourly rates of pay and any bonuses staff may receive by gender, seeking to expose any imbalance.

Based on the results, steps will be taken, where possible, to minimise or readdress any identified inequities going forward.

Our Pay Gap Information

These figures are calculated using the standard methodologies laid out in current legislation:

Published mean and median information				
	Male	**Female**	**Gap**	**Percentage**
Mean hourly rate	£18.72	£16.53	£2.19	11.70%
Median hourly rate	£18.62	£16.55	£2.07	11.12%

Total employees - salary quartile bands				
	Lower	**Lower-middle**	**Upper-middle**	**Upper**
Male proportion	48.99%	67.59%	67.09%	73.62%
Female proportion	51.01%	32.41%	32.91%	26.38%

Published bonus information*				
	Male	**Female**	**Gap**	**Percentage**
Mean bonus	£754.40	£653.72	£100.68	13.35%
Median bonus	£432.50	£450.00	-£17.50	-4.05%
Proportion receiving a bonus	13.00%	7.94%	5.06%	

* Bonuses are usually paid for 'unpleasant tasks', or for additional work or responsibilities. Chief Officers do not receive bonuses.

Summary

Lincolnshire Police remain committed to ensuring fairness, inclusivity and the equal treatment of all employees regardless of protected characteristics, and therefore we are pleased to have a gender pay gap which is 6.7% lower than the national average of 17.9% (Office of National Statistics).

The Chief Officer team remain determined to tackle the under-representation of women through all grades and ranks and provide every opportunity for women to progress. Throughout this period the organisation has increased its numbers by 61 females; 23 of those as new constables, 17 PCSOs and promoted over 23 through the ranks. The Force remains committed

to ensuring fairness and inclusivity within Lincolnshire Police, and acknowledge the many benefits this brings to our organisation.

Financial Performance

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

	2017/18	2018/19
Chief Constable for Lincolnshire	**£m**	**£m**
Original Delegated Budget	86.3	90.9
Outturn	86.4	90.4
(Underspend)/Overspend	**0.1**	**(0.5)**

This includes only the budgets directly delegated to the Chief Constable and excludes the G4S strategic partnership, which is held by the PCC and provides a wide range of operational and support functions to the Chief Constable.

The Chief Constable actual expenditure in 2018/19 was £0.5m underspent against the original budget. There were a number of significant variances across the whole budget, both favourable and adverse which included the following:

Underspends resulting from:

- Major incidents - £0.481m – lower than anticipated major incident operations throughout the financial year;
- ICT Monitored and Managed - £0.187m – lower charges from Home Office for PSN & and PNC systems;
- Police Officer Salaries - £0.705m – underspend arising from vacancies in the police officer strength.

Offset by overspends:

- Police Staff Salaries - £0.757m – un-met vacancy factor due to lower staff turnover than in previous years and non-recurrent Operational Support Officer posts (these were compensating for the police officer vacancies by providing support in statement taking, evidence gathering and case file compilation) ;
- Provision for Police Officer SPOC overtime (Allard claims) £0.551m;
- Local Policing East - £0.263m – overtime and mileage overspends;
- National Contributions & Central Costs - £0.125m – additional legal costs, including provision of £0.080m for the Allard claims (see above).

In addition to the delegated budgets shown above, costs of £22.3m were incurred with the strategic partner G4S during 2018/19. These costs have not been included in the Chief Constable's statements for the reasons described above.

These consisted of £10.6m in respect of operational policing functions for Town Enquiry Officers, Force Control Room, Crime Management Bureau, Custody, Criminal Justice Unit, and Firearms Licensing.

The remaining £11.7m relates to support functions such as HR, Learning and Development, Finance, ICT and Facilities Management, of which a substantial part is in respect of service provision to the Chief Constable.

Capital Expenditure

Capital expenditure is undertaken by the PCC as the Chief Constable does not hold any assets. Information relating to assets held and capital expenditure incurred during the year, together with the historical debt position, is included within the PCC accounts. The Chief Constable uses the assets held by the PCC for operational policing.

In order to provide the assets (buildings, vehicles and equipment) required for operational use by the Chief Constable, the PCC spent £16m in 2018/19 which included:

- £11.2m investment in Blue Light collaboration project (this includes a partner contribution of £4.2m);
- £2.0m investment in ICT;
- £1.1m investment in the Force estate;
- £0.6m on vehicles and equipment.

The PCC has approved a capital programme of £11.722m for 2019/20, and includes:

- £2.6m, the final instalment of a major investment in the Blue Light Collaboration Programme. This programme commenced in 2016/17 and has been funded by Home Office Innovation Fund grant, PCC for Lincolnshire, Lincolnshire County Council and East Midlands Ambulance Service;
- £3.0m investment in new Command & Control system;
- £1.0m investment in the Force estate;
- £1.95m investment for ICT schemes;
- £1.0m replacement programme for vehicles;
- £1.7m investment in Airwaves solution for Emergency Services (ESMCP).

Reserves

All reserves are held by the PCC, however a number of these reserves are held to manage operational risks within the Chief Constable's budget.

Earmarked reserves as at 31 March 2019 total £9.3m, including regional reserves, and are held for specific expenditure or contingencies. Movements in Earmarked Reserves are detailed in Note 6.

As at 31 March 2019 the PCC held a General Reserve of £3.2m following £3.1m use to support the revenue budget in 2018/19, there are currently no plans for further use in 2019/20 to support the revenue budget.

The PCC's Financial Strategy at the start of 2018/19 required that general reserves be maintained around the minimum point of a target range based on the financial risk assessment in respect of residual financial risks.

An assessment in April 2019 indicated the range of required reserves at £5.5m - £12m, the minimum point of which is £5.5m. This is set against forecast risk based reserves as at 1 April 2019 of £5.4m representing 4.3% of the revenue budget: General Reserve £2.5m, Major Incident Reserve £1.9m and Insurance Reserve £1m. As a result, the previous policy is maintained and this Financial Strategy continues to require risk-based reserves at the minimum of the target range. This continues the financial risk being carried by the PCC and is a consequence of the desire to release risk based reserves to mitigate the operational risk.

Nevertheless, given the context of increased financial risk, the need for sound financial control is further emphasised. The Force Chief Finance Officer supports the Chief Constable and his team in delivering this.

Principal Risks

The principal risks facing the Chief Constable are detailed in the Annual Governance Statement included within these Financial Statements.

Outlook for 2019/20 and beyond

The year 2019 saw unprecedented political volatility with two Brexit deadlines missed, a Government losing its majority, a Prime Minister resigning and a General Election. The new Government have ended the austerity measures which have been in place for the whole previous decade resulting in higher wage settlements for both police officers and support staff.

The largest impact to policing in the near future will be the Government pledge to provide an additional 20,000 officers over the next three years, overseen by a new National Policing Board. The first tranche for Lincolnshire was an additional 50 officers to be recruited by March 2021.

Prior to this announcement the force had achieved a balanced budget for 2019/20 by implementing a £3m savings programme, which required substantial workforce reductions as follows:

- Reduction in police officer numbers from 1,100 to 1,020 by March 2020;
- Reduction in PCSO numbers from 118 to 85;
- Reduction in the Police Staff budget of 10%.

The Force recruited 30 of the 50 police officers of tranche 1 in 2019/20, the remainder to be part of the recruitment plan for 2020/21. Whilst the initiative is welcome in that it will ease operational pressures by increasing the workforce by 50 officers, this does not yet restore officer numbers to the operating model of 1,100 prior to the savings programme. The next tranche of the national uplift programme will be required before the officer numbers exceed the 2018/19 level. The national uplift will not close the anticipated funding deficit and the savings programme must still be delivered to ensure a balanced budget. This will then form the new baseline from which the uplift rebuilds the officer strength of the force.

The recent Queen’s speech announced the Governments intension to undertake a Royal Commission into the Criminal Justice system. This review is expected to incorporate an examination as to whether the current 43 Force model of policing is still appropriate; and inform the funding formula review (the method by which the grant share individual Forces receive from Central Government is calculated) which is expected to form part of the Comprehensive Spending Review 2020.

Going Concern

The concept of a going concern assumes that the functions of the Police and Crime Commissioner and the Force will continue in operational existence for the foreseeable future. The provisions in the Code (*Code Of Practice On Local Authority Accounting In The United Kingdom 2018/19*) in respect of going concern reporting requirements reflect the economic and statutory environment in which police forces operate. These provisions confirm that, as police forces cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Police and Crime Commissioners and Chief Constables carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If a police force were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the functions it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for the financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a police force will continue to operate for the foreseeable future.

The current restrictions in place within the United Kingdom in response to Covid-19 have created issues for police forces in terms of policing the government lockdown policy in addition to continuing normal policing functions. This has given rise to additional costs in terms of overtime and providing personal protective equipment (PPE) to operational police officers and staff. However, the PCC maintains a Major Incident Reserve of £1.8m to manage the financial risks of major incidents and the additional costs of Covid-19 incurred between March and May 2020 were less than 25% of this reserve. Discussions are ongoing between all PCC's and the Home Office in respect of financial assistance with the additional costs.

Although the local district councils are anticipating a potential deficit on the Collection Fund for Council Tax, this will not affect the PCC's income in 2019/20 or 2020/21. Any deficit arising on the Collection Fund will be declared during 2020/21 and distributed in 2021/22.

Our most recent balances compared to the year end reported in these statements is as follows.

Date	General Reserve	Major Incident Reserve	Earmarked Reserves
31 March 2020	£3.296m	£1.850 m	£10.06 m

We recognise that there remains uncertainty over how long lockdown arrangements will remain and therefore the total costs which will be incurred as a result. However, we are confident that the impact can be managed in 2019/20 and 2020/21 by use of the Major Incident Reserve and that there will be minimal impact on the general reserve balance.

Beyond 2020/21, we expect a reduction in council tax income as a result of:

- Reduced collection rates
- Reduced growth in the number of properties paying council tax
- No increase in precept level in 2021/22.

The assumptions contained within the current Medium Term Financial Plan (MTFP) will be reviewed and revised as necessary during the next budget setting round.

Explanation of Financial Statements

These Financial Statements have been compiled in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting 2018/19.

The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accountancy in the United Kingdom 2018/19, which in turn is underpinned by International Financial Reporting Standards.

These Financial Statements for the Chief Constable set out the income and expenditure for the year and its financial position at 31 March 2019. It comprises core and supplementary statements, together with disclosure notes.

A glossary of terms can be found at the end of this publication.

All assets, liabilities and reserves continue to be held in the main by the PCC. However, those specifically relating to accounting entries within the Chief Constable entity are included in these Financial Statements. Pension liabilities have been split between the PCC and Chief Constable accounts.

Core Statements

- Expenditure and Funding Analysis – this shows how annual expenditure is used and funded from resources. Income and expenditure accounted for under generally accepted accounting principles is presented more fully in the Comprehensive Income and Expenditure Statement.
- Comprehensive Income and Expenditure Statement – this shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.
- Movement in Reserves Statement – this shows the movement on the usable and unusable reserves from the start of the financial year to the end of the year. As the Chief Constable does not hold any usable reserves, no movements are shown in respect of usable reserves. Movements are shown in unusable reserves which relate to pension accounting.
- Balance Sheet – this represents the financial position as at the balance sheet date of the assets and liabilities recognised. The net assets are matched by the reserves held. The only reserve balance is the pension reserve.
- Cash Flow Statement – this summarises the movement in cash and cash equivalents arising from transactions during the year. As the Chief Constable does not manage these transactions, the statement shows no movement in overall funds. However, a statement has been prepared in accordance with accounting requirements which shows the movement in the deficit and how this relates to non-cash movements within the PCC Group.

Supplementary Statements

- Annual Governance Statement – the Chief Constable publishes an Annual Governance Statement in accordance with the Delivering Good Governance guidance in order to meet the statutory requirements set out in the Accounts and Audit Regulations 2015.
- Statement of Responsibilities – this explains the responsibilities for the financial affairs and how these responsibilities are carried out.
- Notes to the Accounts – the notes show details supporting each of the main accounting statements, together with additional information to explain the 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 financed.

Relationship between accounting statements

The different accounting statements are linked in several important ways. The relationship between the Comprehensive Income and Expenditure Statement and the movement in the total reserves is shown in the Movement in Reserves Statement.

The Cash Flow statement reconciles to the balance on the Comprehensive Income and Expenditure Statement for the year and the movement in the Balance Sheet cash and cash equivalents.

The Expenditure and Funding Analysis shows how the expenditure is allocated for decision making purposes between the directorates within the Force.

Signed by Sharon Clark

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Sharon Clark FCA BA
Chief Finance Officer to the
Chief Constable for Lincolnshire

Statement of Responsibilities for the Statement of Accounts

This section explains the Chief Constable's responsibilities for the stewardship of his financial affairs.

Responsibilities of the Chief Constable	**Responsibilities of the Force Chief Finance Officer**
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.	The Force Chief Finance Officer is responsible for the preparation of the Chief Constable's Statement of Accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code). In preparing this Statement of Accounts, the Force Chief Finance Officer has: • selected suitable accounting policies and then applied them consistently; • made judgements and estimates that were reasonable and prudent; • complied with the Code; • kept proper accounting records which were up to date; • taken reasonable steps for the prevention and detection of fraud and other irregularities; • assessed the Chief Constable's ability to continue as a going concern disclosing, as applicable, matters related to going concern; • used the going concern basis of accounting on the assumption that the functions of the Chief Constable will continue in operational existence for the foreseeable future; and • maintained such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.
I approve the audited Statement of Accounts.	I certify that the Financial Statements present a true and fair view of the financial position of the Chief Constable for Lincolnshire as at 31 March 2019 and the Income and Expenditure for the year then ended.
Bill Skelly Chief Constable for Lincolnshire Date:	Sharon Clark FCA BA Signed by Sharon Clark Force Chief Finance Officer Date:

Independent Auditor's Report to the Chief Constable for Lincolnshire

Expenditure and Funding Analysis 2018/19

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources. It shows how the expenditure is allocated for decision making purposes between the PCC, CC and Joint Services. Income and expenditure accounted for under generally accepted accounting principles is presented more fully in the Comprehensive Income and Expenditure Statement.

2017/18 - Restated*					2018/19		
Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000	Note		Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
104,859	3,603	108,462		Chief Constable	114,357	58,052	172,409
467	-	467		Joint Services	550	-	550
105,326	**3,603**	**108,929**		**Cost of Services**	**114,907**	**58,052**	**172,959**
828	-	828	**7**	Other Operating Expenditure	738	-	738
-	34,264	34,264	**8**	Financing and Investment Income and Expenditure	-	37,720	37,720
(106,154)	-	(106,154)		Income - Intra Group Financing	(115,645)	-	(115,645)
-	**37,867**	**37,867**	**4**	**(Surplus) or Deficit on the Provision of Services**	**-**	**95,772**	**95,772**
-	-	-		Opening General Fund Balance as at 31 March	-	-	-
-	-	-		Increase/(Decrease) in Year before Transfers to Earmarked Reserves	-	-	-
-	-	-		Net transfers (to)/from Earmarked Reserves	-	-	-
-	**-**	**-**		**Closing General Fund as at 31 March**	**-**	**-**	**-**

*See Note 49 for details of restatement regarding a prior period adjustment.

Comprehensive Income and Expenditure Statement 2018/19

The Income and Expenditure statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards.

2017/18 - Restated					2018/19		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Note		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
115,139	(6,677)	108,462		Chief Constable	178,589	(6,180)	172,409
467	-	467		Joint Services	550	-	550
115,606	**(6,677)**	**108,929**		**Cost of Services**	**179,139**	**(6,180)**	**172,959**
1,521	(693)	828	**7**	Other Operating Expenditure	1,304	(566)	738
34,264	-	34,264	**8**	Financing and Investment Income and Expenditure	37,720	-	37,720
-	(106,154)	(106,154)	**10**	Income - Intra-group funding	-	(115,645)	(115,645)
151,391	**(113,524)**	**37,867**		**(Surplus) or Deficit on the Provision of Services**	**218,163**	**(122,391)**	**95,772**
13,992	-	13,992	**14**	Actuarial (Gains) or Losses on Pension Assets and Liabilities	60,474	-	60,474
13,992	**-**	**13,992**		**Other Comprehensive Income and Expenditure**	**60,474**	**-**	**60,474**
165,383	**(113,524)**	**51,859**		**Total Comprehensive Income and Expenditure**	**278,637**	**(122,391)**	**156,246**

The Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 requires that the Comprehensive Income and Expenditure Statement reflects the internal management reporting and decision making arrangements of the organisation.

The strategic partnership contract is managed by the PCC and has been included within the annual statements for the PCC. The cost relating to the G4S strategic partnership of £22.3m for 2018/19 (2017/18: £22.5m) is shown in the PCC and Group annual statements and is excluded from the Chief Constable's Comprehensive Income and Expenditure Statement shown above.

The G4S strategic partnership cost includes £10.6m in respect of operational policing services which are directly attributable to the Chief Constable. The remaining cost of £11.7m relates to support functions; a substantial part of which is for the provision of services to the Chief Constable. See note 2 for more information.

Movement in Reserves Statement 2018/19

The Movement in Reserves Statement shows the movement in the year on the unusable reserves held by the Chief Constable. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Chief Constable's services, further details are shown in the Comprehensive Income and Expenditure Statement.

	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 2017	**-**	**-**	**-**	**-**	**(1,316,479)**	**(1,316,479)**
Restated Movement in Reserves during 2017/18						
(Surplus) or Deficit on the provision of services	-	-	(37,867)	(37,867)	-	(37,867)
Other Comprehensive Income and Expenditure	-	-	-	-	(13,992)	(13,992)
Restated Total Comprehensive Income and Expenditure	**-**	**-**	**(37,867)**	**(37,867)**	**(13,992)**	**(51,859)**
Adjustments between accounting basis and funding basis under regulations (Note 6)	-	-	37,867	37,867	(37,867)	-
Restated Net Increase /(Decrease) before Transfers to Earmarked Reserves	-	-	**-**	**-**	**(51,859)**	**(51,859)**
Transfers to/from Earmarked Reserves	-	-	-	-	-	-
Restated Increase/(Decrease) in 2017/18	**-**	**-**	**-**	**-**	**(51,859)**	**(51,859)**
Restated Balance at 31 March 2018 carried forward	**-**	**-**	**-**	**-**	**(1,368,338)**	**(1,368,338)**
Movement in Reserves during 2018/19						
(Surplus) or Deficit on the provision of services	-	-	(95,772)	(95,772)	-	(95,772)
Other Comprehensive Income and Expenditure	-	-	-	-	(60,474)	(60,474)
Total Comprehensive Income and Expenditure	**-**	**-**	**(95,772)**	**(95,772)**	**(60,474)**	**(156,246)**
Adjustments between accounting basis and funding basis under regulations (Note 6)	-	-	95,772	95,772	(95,772)	-
Net Increase /(Decrease) before Transfers to Earmarked Reserves	-	-	**-**	**-**	**(156,246)**	**(156,246)**
Transfers to/from Earmarked Reserves	-	-	-	-	-	-
Increase/(Decrease) in 2018/19	**-**	**-**	**-**	**-**	**(156,246)**	**(156,246)**
Balance at 31 March 2019 carried forward	**-**	**-**	**-**	**-**	**(1,524,585)**	**(1,524,585)**

Balance Sheet As at 31 March 2019

The Balance Sheet provides the value of assets and liabilities recognised by the Force for the Chief Constable. The net assets are matched by the reserves held. The only reserve balance for the Chief Constable is the pension reserve.

2016/17 Restated £000	2017/18 Restated £000	Note		2018/19 £000
-	-		Property, Plant and Equipment	-
-	-		Investment Property	-
-	-		Intangible Assets	-
-	-		Assets Held for Sale	-
-	-		**Long-Term Assets**	-
-	-		Short-Term Investments	-
-	-		Inventories	-
1,478	1,908	**11**	Short-Term Debtors	2,108
-	-		Cash and Cash Equivalents	-
-	-		Short-Term Investments	-
1,478	**1,908**		**Current Assets**	**2,108**
-	-		Short-Term Borrow ing	-
(1,478)	(1,908)	**12**	Short-Term Creditors	(2,108)
-	-		Other Short Term Liabilities	-
(16)	(16)	**13**	Short-Term Provisions	(16)
-	-		Capital Grants Receipts in Advance (< 1 yr)	-
(1,494)	**(1,924)**		**Current Liabilities**	**(2,124)**
-	-		Long-Term Borrow ing	-
(1,316,326)	(1,368,180)	**22**	Pension Liabilities	(1,524,447)
-	-		Other Long-Term Liabilities	-
(137)	(142)	**13**	Long-Term Provisions	(122)
(1,316,463)	**(1,368,322)**		**Long-Term Liabilities**	**(1,524,569)**
(1,316,479)	**(1,368,338)**		**Net Assets**	**(1,524,585)**
-	-		Usable Reserves	-
(1,316,479)	(1,368,338)	**14**	Unusable Reserves	(1,524,585)
(1,316,479)	**(1,368,338)**		**Total Reserves**	**(1,524,585)**

The Police and Crime Commissioner's Scheme of Delegation limits the entries required in the Chief Constables Balance sheet. All entries relating to the Police and Crime Commissioner and Chief Constable Group are shown in the Police and Crime Commissioner's Financial Statements.

These audited accounts were signed on xx June 2020.

Signed by Sharon Clark

Sharon Clark FCA BA
Force Chief Finance Officer

Cash Flow Statement 2018/19

The Cash Flow Statement does not show any cash flows for the year, as all payments were made from the PCC's accounts. Similarly, all income and funding is received into the PCC's accounts.

2017/18 Restated £000	Note		2018/19 £000
37,867		Net Deficit on the Provision of Services	95,772
(37,867)	**15**	Adjustments to net deficit on the provision of services for non-cash movements	(95,772)
-		Adjustments for items included in the net deficit on the provision of services that are investing and financing activities	-
-		**Net Cash Outflows from Operating Activities**	**-**
-		Investing Activities	-
-		Financing Activities	-
-		**Net (Increase) or Decrease in Cash and Cash Equivalents**	**-**
-		Cash and Cash Equivalents at the Beginning of the Reporting Period	-
-		Cash and Cash Equivalents at the End of the Reporting Period	-

Chief Constable for Lincolnshire

Notes to the Accounts

The notes below provide additional information to support the main financial statements for the Chief Constable.

Values are rounded to nearest £1,000 unless specified otherwise. Please note some slight rounding differences may occur.

1. Accounting Policies

1.1. General Principles

The Statement of Accounts summarises the Chief Constable's transactions for the 2018/19 financial year and its position at the year end of 31 March 2019. The Chief Constable is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 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 2018/19, 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. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Chief Constable's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

1.3. 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:

- Revenue from the provision of services is recognised when the Chief Constable can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Chief Constable;

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;

- 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.

1.4. 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.

1.5. Provisions

Provisions are made where an event has taken place that gives the Chief Constable a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Chief Constable may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Chief Constable becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Chief Constable settles the obligation.

1.6. Contingent Liabilities

A contingent liability is where there is a possible obligation to transfer economic benefits due to a past event, but the possible obligation will only be confirmed by the occurrence or non-occurrence of one or more events in the future, not wholly be within the control of the Chief Constable. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

The Chief Constable discloses these obligations in the narrative notes to the accounts if greater than £100k.

These amounts are not recorded in the Chief Constable's accounts because:

- It is not probable that an outflow of economic benefits or service potential will be required to settle the obligation, or

- The amount of the obligation cannot be measured with sufficient reliability at the year end.

1.7. Contingent Assets

A contingent asset is where there is a possible transfer of economic benefit to the Chief Constable from a past event, but the possible transfer will only be confirmed by the occurrence or non-occurrence of one or more events in the future. These events may not wholly be within the control of the Chief Constable.

The Chief Constable discloses these rights in the narrative notes to the accounts if greater than £100k.

1.8. Cost of Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance.

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 Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of *conditions that existed at the end of the reporting period* for which the Statement of Accounts is adjusted to reflect such events;

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

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 Chief Constable.

1.12. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Chief Constable when there is reasonable assurance that:

- The Chief Constable will comply with the conditions attached to the payments;

- The grants or contributions will be received.

Amounts recognised as due to the Chief Constable are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

1.13. Reserves

1.13.1. Useable 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, with all additional surplus or deficit held by the PCC.

1.13.2. Unusable Reserves

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

1.14. Employee Benefits

1.14.1. Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly 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 and are recognised as an expense for services in the year in which employees render service to the Chief Constable. A provision is made for the cost of unused leave earned by employees, but not taken before the year-end.

The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the absence occurs.

1.14.2. Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Chief Constable to terminate an officer's employment before the normal retirement date or an officer's

decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Chief Constable can no longer withdraw the offer of those benefits or when the Chief Constable recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Chief Constable to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

1.14.3. Post-employment Benefits

Employees of the Chief Constable are members of two separate pension schemes:

- The Police Officer Pension Scheme, for which the scheme manager is the Chief Constable;
- The Local Government Pensions Scheme, administered by West Yorkshire Pension Fund on behalf of Lincolnshire County Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees.

1.14.4. Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Lincolnshire pension fund attributable to the Chief Constable are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees;
- Liabilities are discounted to their value at current prices, using a discount rate of 2.4% (based on the indicative rate of return on high quality AA index corporate bonds;
- The assets of Lincolnshire pension fund attributable to the Chief Constable are included in the Balance Sheet at their fair value:
    - Quoted securities – current bid price;
    - Unquoted securities – professional estimate;
    - Unitised securities – current bid price;
    - Property – market value.

1.14.5. Police Officer Pension Scheme

The police officer pension schemes (both the old and new schemes) are accounted for as a defined benefit scheme:

- The liabilities of the Lincolnshire pension fund attributable to the Chief Constable are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement

benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees;

- Liabilities are discounted to their value at current prices, using a discount rate of 2.4% (based on the indicative rate of return on high quality AA index corporate bonds).

1.14.6. Pension Scheme Policies

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
  - Current service cost (the increase in liabilities as a result of years of service earned this year) allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
  - Past service cost (the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years) debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement to a corporate service segment;
  - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Chief Constable (the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement) this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period (taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments).

- Remeasurements comprising:
  - The return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
  - Actuarial gains and losses (changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions) charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
  - Contributions paid to the Lincolnshire pension fund (cash paid as employer's contributions to the pension fund in settlement of liabilities) not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Chief Constable to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to

the General Fund of being required to account for retirement benefits on the basis of cash flows rather than when benefits are earned by employees.

1.14.7. Discretionary Benefits

The Chief Constable also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.15. Police Officer Pensions – Home Office Memorandum Account

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

1.16. Joint Operations

Joint operations are joint arrangements in which the PCC and other venturers have joint control of the arrangement. The parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Chief Constable accounts for only its expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint operation and income that it earns from the venture.

2. Judgements in applying Accounting Policies

In applying the accounting policies set out in Note 1, the Chief Constable 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 the financial statements; however 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 Chief Constable and the Chief Finance Officer have concluded that this approach presents a true and fair view of the Chief Constable'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 2019 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 2019 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.

3.1. Estimation of Uncertainties

Item	Uncertainties	Effect if actual results differ from assumptions
Pension liability £1,524,447k	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. A firm of consulting actuaries is engaged to provide the Chief Constable with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions have been measured and described in the tables below. The tables give an indication of the impact of changes in the main assumptions but are not an exhaustive list of the variables involved.
Actuarial Assumptions £1,524,447k	The actuaries have assumed that CPI will be approximately 1% p.a. below RPI on average.	As a market in CPI linked bonds does not exist the actuaries need to make an estimate of the long term gap between RPI and CPI in order to arrive at a CPI assumption for the accounts. The assumption that CPI will be 1% below RPI on average leads to future service costs being around 8% lower than if the RPI indicator was used.
Accumulated Absences £2,108k Increase in year of £200k	The calculation is based on the balance of hours owed to or owing by each individual recorded in the Duty Management System which includes Annual Leave, Time Off In Lieu and Rest Days in Lieu. Adjustments have been made to remove negative balances and reduce high carry forward balances that significantly exceed policy. Annual Leave is restricted to 5 days, as per policy. The hourly rate used is based on the average pay from the March payroll files.	Actual balances have since been calculated for approved carry forward and the figures are not materially different to the estimates, therefore no adjustments have been made.

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

Change in financial and demographic assumptions	Approximate percentage increase to Employer Liability	Approximate monetary amount (£m)
0.5% decrease in the Real Discount Rate	10%	140.58
1 year increase in member life expectancy	3%	44.30
0.5% in the Salary Increase Rate	1%	14.18
0.5% increase in the Pensions Increase Rate (CPI)	8%	115.61

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

Change in financial and demographic assumptions	Approximate percentage increase to Projected Current Service Cost	Approximate monetary amount (£m)
0.5% decrease in the Real Discount Rate	19%	5.45
1 year increase in member life expectancy	3%	0.87
0.5% in the Salary Increase Rate	0%	0.04
0.5% increase in the Pensions Increase Rate (CPI)	10%	2.93

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

Change in financial and demographic assumptions	Approximate percentage increase toDefined Benefit Obligation	Approximate monetary amount (£m)
0.5% decrease in the Real Discount Rate	12%	24.74
0.5% in the Salary Increase Rate	2%	3.49
0.5% increase in the Pensions Increase Rate (CPI)	10%	20.85

4. Note to the Expenditure and Funding Analysis

2017/18 - Restated						2018/19			
Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000	Note		Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
-	3,603	-	3,603		Chief Constable	-	58,052	-	58,052
-	-	-	-		Joint Services	-	-	-	-
-	**3,603**	**-**	**3,603**		**Cost of Services**	**-**	**58,052**	**-**	**58,052**
-	-	-	-	**7**	Other Operating Expenditure	-	-	-	-
-	34,264	-	34,264	**8**	Financing and Investment Income and Expenditure	-	37,720	-	37,720
-	**37,867**	**-**	**37,867**		**Difference between General Fund Surplus or Deficit and CIES Surplus or Deficit**	**-**	**95,772**	**-**	**95,772**

5. Expenditure Analysed by Nature

2017/18 Restated £000	Expenditure and Income	2018/19 £000
	Expenditure	
51,825	Police Pay and Allowances	53,309
17,291	Police Staff Pay and Allowances	20,113
1,543	Other Employee Expenses	1,518
989	Police Pensions	915
30,826	Pension costs inc IAS19	89,812
2,926	Premises	2,961
1,764	Transport	1,526
8,133	Supplies and Services	8,103
309	Third Party Payments	880
701	Precepts and levies	639
820	Seconded Officers (net)	665
34,264	Interest and investment expenditure	37,720
151,391	**Total expenditure**	**218,161**
	Income	
(6,677)	Fees, charges and other service income	(5,288)
-	Other Grant Income	(890)
(693)	Seconded Officers	(566)
(106,154)	Intra Group financing	(115,645)
(113,524)	**Total income**	**(122,389)**
37,867	**(Surplus) or Deficit on the Provision of Services**	**95,772**

6. 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.

2017/18 - Restated	Usable Reserves			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Usable Reserves £000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to (or from) the Pensions Reserve)	37,867	-	-	(37,867)
Council tax (transferred to or from Collection Fund)	-	-	-	-
Holiday pay (transferred to the Accumulated Absences Reserve)	-	-	-	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	-	-	-	-
Total Adjustments to Revenue Resources	37,867	-	-	(37,867)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	-	-	-	-
Administrative costs of non current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-	-	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	-	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	-	-	-
Total Adjustments between Revenue and Capital Resources	-	-	-	-
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	-
Application of capital grants to finance capital expenditure	-	-	-	-
Total Adjustments to Capital Resources	-	-	-	-
Total Adjustments	**37,867**	**-**	**-**	**(37,867)**

2018/19	Usable Reserves			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Usable Reserves £000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to (or from) the Pensions Reserve)	95,772	-	-	(95,772)
Council tax (transferred to or from Collection Fund)	-	-	-	-
Holiday pay (transferred to the Accumulated Absences Reserve)	-	-	-	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	-	-	-	-
Total Adjustments to Revenue Resources	95,772	-	-	(95,772)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	-	-	-	-
Administrative costs of non current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-	-	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	-	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	-	-	-
Total Adjustments between Revenue and Capital Resources	-	-	-	-
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	-
Application of capital grants to finance capital expenditure	-	-	-	-
Total Adjustments to Capital Resources	-	-	-	-
Total Adjustments	**95,772**	**-**	**-**	**(95,772)**

7. Other Operating Expenditure

2017/18				2018/19		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
701	-	701	Levies	639	-	639
820	(693)	127	Seconded Officers	665	(566)	99
1,521	**(693)**	**828**		**1,304**	**(566)**	**738**

Levies are the Chief Constable's contributions towards national police computing systems provided by the Home Office.

8. Financing and Investment Income and Expenditure

2017/18 - Restated				2018/19		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
34,264	-	34,264	Pensions Interest Cost and Expected Return on Pensions Assets	37,720	-	37,720
34,264	**-**	**34,264**		**37,720**	**-**	**37,720**

9. Grant Income

The Chief Constable credited the following grant to Comprehensive Income and Expenditure:

	2017/18 £000	2018/19 £000
Credited to Services		
Other Grant Income		
Armed Response Vehicle (ARV) Grant	-	(890)
Total	-	(890)

10. Intra-Group Financing

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.

11. Debtors

	2017/18 £000	2018/19 £000
Amounts falling due within one year:		
PCC guarantee for accumulated absences liability	1,908	2,108
Total Debtors falling due within one year	**1,908**	**2,108**

12. Short-Term Creditors

	2017/18 £000	2018/19 £000
Accumulated Absences	(1,908)	(2,108)
Total Short-Term Creditors	**(1,908)**	**(2,108)**

13. Provisions

The Chief Constable has made provisions to meet the costs of the liabilities described below. They are classified as provisions because there is a present obligation to transfer economic benefit as a result of a past event, payment is probable and the amount can be reliably estimated.

Short Term Provisions	Termination Benefits of Employment £000	Total £000
Balance at 31 March 2018	**(16)**	**(16)**
Additional Provisions made in 2018/19	-	-
Amounts Used in 2018/19	-	-
Unused amounts reversed in 2018/19	-	-
Balance at 31 March 2019	**(16)**	**(16)**

Long Term Provisions	Termination Benefits of Employment £000	Total £000
Balance at 31 March 2018	**(142)**	**(142)**
Additional Provisions made in 2018/19	19	19
Amounts Used in 2018/19	-	-
Unused amounts reversed in 2018/19	-	-
Balance at 31 March 2019	**(122)**	**(122)**

The only provision in the Chief Constable's accounts is for the termination benefits of employment relating to the pension payments which are held by the Chief Constable along with the IAS19 Pension Liability.

14. 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 Chief Constable accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service. The liability recognises inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require a benefit earned to be financed, as the Chief Constable makes employer's contributions to pension funds, and 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 Chief Constable has set aside to meet them. The statutory arrangements will have been set aside by the time the benefits come to be paid.

2017/18 Restated £000		2018/19 £000
(1,316,479)	**Balance at 1 April**	**(1,368,338)**
(13,992)	Actuarial gains or (losses) on pensions assets and liabilities	(60,474)
(69,336)	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	(132,227)
27,999	Employers contributions payable to scheme	30,982
3,475	Employers contributions payable to schemes - Cash Top-up	5,454
(5)	Other unfunded termination benefits	19
(1,368,338)	**Balance at 31 March**	**(1,524,584)**

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

2017/18 Restated £000		2018/19 £000
430	Increase/(Decrease) in Creditors	200
(430)	(Increase)/Decrease in Debtors	(200)
(37,862)	Pension Liability	(95,791)
(5)	Contributions to Provisions	18
(37,867)	**Non Cash Movements**	**(95,772)**

16. Joint Operations

16.1. Sexual Assault Referral Centre

The SARC is a one stop location where victims of sexual assault can receive medical care and counselling whilst at the same time having the opportunity to assist the police investigation into alleged offences. It is a joint operation between Lincolnshire Police and Lincolnshire Partnership NHS Foundation Trust, with Lincolnshire Police acting as the lead body. The financial statements include the PCC Group's share of non-current assets, primarily the purchase and refurbishment costs associated with Spring Lodge (the PCC for Lincolnshire's share is 65%). The financial statements also include the PCC's share of Income £10k and revenue expenditure £102k (the PCC for Lincolnshire's share is 50%).

16.2. Regional Collaboration

The East Midland Regional Collaboration consists of:

- East Midlands Special Operations Unit (EMSOU) including Regional Asset Recovery Team, Regional Review Unit, Collaboration Team, Protected Persons Unit and Technical Support Unit. The lead body is Leicestershire;
- EMSOU Major Crime. Lead body Leicestershire;
- Forensics. Lead body Derbyshire;
- Occupational Health Unit (OHU). Lead body Leicestershire;
- Emergency Services Network (ESN). Lead body Leicestershire;

- East Midlands Operational Support Services (EMOpSS) including Senior Leadership Team (SLT), Armed Policing Training and Chronicle System Administrator. Lead body Lincolnshire;

- East Midlands Criminal Justice. Lead body Leicestershire, Finance Lincolnshire;

- East Midlands Legal Services. Lead body Derbyshire.

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 and Expenditure Statement. The PCC's share of assets and liabilities is included in the PCC Group accounts. The transactions relating to Lincolnshire's share of a five Force collaboration is set at 13.2%, in the case of 3 Force collaborations such as EMOpSS, Lincolnshire's share is 25.9% of revenue expenditure. These allocations from regional forces have been included in the Comprehensive Income and Expenditure Statement.

Lincolnshire's Share of Regional Comprehensive Income and Expenditure Statement:

2017/18 £000		2018/19 £000
1,113	Police Pay and Allowances	930
2,283	Police Staff Pay and Allowances	2,449
297	Other Employee Expenses	75
67	Premises	76
384	Transport	108
612	Supplies and Services	460
567	Agency and Contracted Services	544
151	Depreciation	142
-	Amortisation	21
(11)	(Surplus) or Deficit on revaluation of non current assets (not covered by accumulated revaluation gains)	152
5,463	**Gross Operating Expenditure**	**4,957**
(162)	Other Income	(107)
0	(Gains) or Losses on Revaluation of Non-Current Assets Held for Sale	-
1	(Gains) or Losses on Disposal of Non Current Assets	(2)
5,302	**Amount to be met from Partners**	**4,848**
	Financed by:	
(4,701)	Contributions from Partners	(4,132)
(703)	External Grants	(541)
(197)	Capital Grants and Contributions	(42)
(299)	**(Surplus) or Deficit on the Provision of Services**	**133**
(6)	(Surplus) or Deficit on Revaluation of Non-Current Assets	**6**
(6)	**Other Comprehensive Income and Expenditure**	**6**
(305)	**Total Comprehensive Income and Expenditure**	**139**

16.3. Partnerships outside Scope of Collaborative Arrangements

Lincolnshire Road Safety Partnership (LRSP) was formed in order to reduce the number of people killed or injured on Lincolnshire's roads. LRSP is a unique multi-agency partnership that brings together road safety professionals from the Police, Lincolnshire County Council, Fire and Rescue, the NHS, the Highways Agency and the Probation Service. Roads Policing Officers provide their time as an integral part of the Partnership. Income in the year was £949k and expenditure £741k.

17. Audit Committee Allowances and Expenses

The amount paid to members of the Joint Independent Audit Committee equated to £9,374 for the year compared to £5,306 in 2017/18. There was a reduced cost in 2017/18 due to a period having two member vacancies, one being the chair. The chair, a member and one co-opted member were appointed for 2018/19, hence the increased expenditure compared to the prior year. £6,843 of the amount paid to members is charged to the Chief Constable based on the percentage split used for allocating finance joint services costs (73%).

18. Remuneration of Senior Officers

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

The Accounting Code of Practice requires detailed disclosure for specific senior officers. These are disclosed in the tables below.

2017/18 details

2017/18 Senior Officers' Remuneration	Notes	Salaries, fees or allowances £	Relocation benefits receivable in the role £	Car benefits receivable in the role £	Other benefits receivable in the role £	**Total remuneration excluding pension contributions 2017/18 £**	Employer's pension contribution £	**Total remuneration including pension contributions 2017/18 £**
Police officers								
Chief Constable Bill Skelly[1]		153,101	42,170	-	-	**195,271**	36,234	**231,505**
Temporary Deputy Chief Constable[2]	ACC 19/06/2017. Temp DCC wef 26/06/2017. DCC wef 07/02/2018	92,165	14,579	4,967	-	**111,711**	21,593	**133,304**
Deputy Chief Constable	Transferred out of Force 25/06/2017	27,636	-	1,502	-	**29,138**	6,474	**35,612**
Temporary Assistant Chief Constable	Temp wef 26/06/2017	75,096	-	4,282	-	**79,378**	16,993	**96,371**
Temporary Assistant Chief Constable[3]	Temp seconded 02/07/2017	104,830	-	5,605	-	**110,435**	23,769	**134,204**
Police Staff of the Chief Constable								
Chief Finance Officer		66,261	-	-	-	**66,261**	10,800	**77,061**
Assistant Chief Officer (Resources) 1	Resigned 10/06/17	21,112	-	1,074	-	**22,186**	3,441	**25,627**
Assistant Chief Officer (Resources) 2	From 19/06/17	86,283	-	4,391	-	**90,674**	13,645	**104,319**

[1]Relocation benefits receivable in the role for the Chief Constable include an amount to settle his personal tax liability specifically relating to his relocation expenses in line with police regulations.

[2]Relocation benefits receivable in the role for the Temporary Deputy Chief Constable include an amount to settle his personal tax liabiity specifically relating to his relocation expenses (see ** below).

[3]Partially funded secondment to Dorset Police, for Transforming Forensics Programme. Wef 26/03/2018 fully funded secondment to Derbyshire Police.

2018/19 details

2018/19 Senior Officers' Remuneration	Notes	Salaries, fees or allowances £	Relocation benefits receivable in the role £	Car benefits receivable in the role £	Other benefits receivable in the role £	**Total remuneration excluding pension contributions 2017/18 £**	Employer's pension contribution £	**Total remuneration including pension contributions 2017/18 £**
Police officers								
Chief Constable Bill Skelly[3]		156,609	-	-	219	**156,827**	36,808	**193,635**
Deputy Chief Constable[2]		119,517	2,321	6,360	-	**128,198**	28,197	**156,395**
Assistant Chief Constable[4]	Started 16/07/2018	71,080	-	3,978	1,706	**76,763**	17,204	**93,968**
Temporary Assistant Chief Constable[5]	Temp w ef 26/6/17	104,613	-	5,605	(2,450)	**107,768**	20,862	**128,630**
Temporary Assistant Chief Constable[1, 6]	Temp on Secondment. Finished 22/4/18	8,931	-	343	-	**9,274**	1,266	**10,540**
Police Staff of the Chief Constable								
Chief Finance Officer		75,130	-	-	-	**75,130**	12,246	**87,377**
Assistant Chief Officer (Resources)		114,291	-	5,605	-	**119,896**	18,629	**138,525**

[1]Fully funded secondment to Derbyshire Police.

[2]Relocation benefits receivable in the role for the Deputy Chief Constable include an amount to settle his personal tax liability specifically relating to his relocation expenses. These consist of the payment of a temporary rental allow ance in accordance w ith the approval granted by the Home Secretary. The force is currently seeking clarification as to w hether the approval extends to the tax liability and w ill make the appropriate adjustments dependent on the outcome.

[3]Chief Constable other benefit is Taxable Subsistence

[4]Assistant Chief Constable other benefit is Housing Allow ance

[5]Temporary Assistant Chief Constable salary sacrifice for Child Care Vouchers

[6]Temporary Assistant Chief Constable fully funded Secondment to Derbyshire

18.1. Remuneration Banding

The table below highlights the number of employees within defined remuneration ranges. This excludes the senior employees who are shown in more detail in the tables above.

Remuneration Range	2017/18 Number of employees	2018/19 Number of employees
£50,000 to £54,999	1	3
£55,000 to £59,999	-	2
£60,000 to £64,999	1	-
£65,000 to £69,999	2	-
£70,000 to £74,999	1	4
£75,000 to £79,999	1	-
£80,000 to £84,999	3	1
£85,000 to £89,999	-	3
£90,000 to £94,999	-	-
£95,000 to £99,999	-	-
£100,000 to £104,999	-	-
£105,000 to £109,999	-	-

19. Termination Benefits

In 2017/18 there was one employment contract terminated and none in 2018/19.

Cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number by cost band		Total cost in each band £000	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18 £000	2018/19 £000
£0,000 to £20,000	-	-	1	-	1	-	5	-
£20,001 to £40,000	-	-	-	-	-	-	-	-
£40,001 to £60,000	-	-	-	-	-	-	-	-
£60,001 to £80,000	-	-	-	-	-	-	-	-
£80,001 to £100,000	-	-	-	-	-	-	-	-
£100,000 to £150,000	-	-	-	-	-	-	-	-
Total	**-**	**-**	**1**	**-**	**1**	**-**	**5**	**-**

20. Audit Costs

	2017/18 £000	2018/19 £000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	15	12
Total	**15**	**12**

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 Chief Constable 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.

21.1. UK Central Government

The UK central government has effective control over the general operations of the PCC group. 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.

21.2. PCC for Lincolnshire

Within the PCC Group, the Chief Constable is accountable to the Police and 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 Chief Constable's Comprehensive Income and Expenditure Statement.

21.3. Officers

The total remuneration to senior staff in 2018/19 is shown in Note 17. All senior officers employed by the PCC Group at the 31 March 2019 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.

21.4. Other Public Bodies

Joint Operations and Funding Partnerships are disclosed in Note 16.

22. Retirement Benefits

22.1. Participation in pension schemes

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

The Group participates in two pensions schemes:

1. The Local Government Pension Scheme (LGPS) for police staff is administered by West Yorkshire Pension Fund on behalf of Lincolnshire County Council. This is a funded defined benefit scheme, meaning that the PCC Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

Due to changes under the Public Pension Services Act 2013, from the 1 April 2014 scheme members now accrue pension entitlements based on their career-average rather than their final salary.

G4S joined Lincolnshire Police 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 IAS 19 results as at 31 March 2019 reflect the combined G4S and Lincolnshire Police pension fund assets and liabilities.

2. The Police Pension Scheme for police officers is an unfunded defined benefit scheme. This means that 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. From the 1 April 2015 The Police Pension Scheme 2015 (CARE) scheme was introduced (under the Public Pension Services Act 2013), and members who are not covered by protection or the transitional arrangements in the previous schemes now accrue pension entitlements based on their career-average rather than their final salary. Three schemes were in operation during 2018/19 as well as injury awards:

- The 1987 scheme (Final Salary) which is based on a maximum pensionable service of 30 years (closed to new entrants on 31 March 2006);
- The 2006 scheme (Final Salary) which is based on a maximum pensionable service of 35 years (closed to new entrants on the 31 March 2015);
- The 2015 (CARE) scheme which was available to new entrants from the 1 April 2015 and is a Career Average Revalued Earnings (CARE) scheme there is no maximum period of service.

Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions fund for the year are less than amounts payable, the PCC 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 payments grant.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. 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 PCC Group recognises 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 the PCC Group is 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 in 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.

	Local Government Pension Scheme		Police Pension Scheme		Comprehensive Income and Expenditure Account	
	2017/18 Restated	2018/19	2017/18	2018/19	2017/18 Restated	2018/19
	£000	£000	£000	£000	£000	£000
Comprehensive Income and Expenditure Statement						
Cost of Services:						
Current service cost	(4,544)	(4,755)	(30,500)	(28,200)	(35,044)	(32,955)
Past service costs	(29)	(452)	-	(61,100)	(29)	(61,552)
Effect of settlements	-	-	-	-	-	-
	(4,573)	(5,207)	(30,500)	(89,300)	(35,073)	(94,507)
Other Operating Expenditure:						
Home Office Grant	-	-	(22,008)	(24,597)	(22,008)	(24,597)
Financing and Investment Income and Expenditure:						
Net interest expense	(963)	(1,020)	(33,300)	(36,700)	(34,263)	(37,720)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**(5,536)**	**(6,227)**	**(85,808)**	**(150,597)**	**(91,344)**	**(156,824)**
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)	(259)	4,843	-	-	(259)	4,843
Actuarial gains and losses arising on changes in demographic assumptions	-	-	13,200	98,500	13,200	98,500
Actuarial gains and losses arising on changes in financial assumptions	2,763	(12,291)	23,200	(96,700)	25,963	(108,991)
Other experience	3	(126)	(52,900)	(54,700)	(52,897)	(54,826)
Subtotal Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**2,507**	**(7,574)**	**(16,500)**	**(52,900)**	**(13,993)**	**(60,474)**
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**(3,029)**	**(13,801)**	**(102,308)**	**(203,497)**	**(105,337)**	**(217,298)**
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	5,536	6,227	63,800	126,000	69,336	132,227
Actual Amount charged against the General Fund Balance for pensions in the year:	-	-			-	-
Employers contributions payable to scheme	(2,474)	(2,736)	(25,525)	(28,246)	(27,999)	(30,982)
Employers contributions payable to schemes - Cash Top-up	-	-	(3,475)	(5,454)	(3,475)	(5,454)
Retirement benefits payable to pensioners	-	-	-	-	-	-
Movement from Comprehensive Income and Expenditure Statement to the General Fund	**3,062**	**3,491**	**34,800**	**92,300**	**37,862**	**95,791**

22.4. Pensions Assets and Liabilities in relation to Retirement Benefits

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

Funded liabilities **LGPS**	**2017/18 Restated £000**	**2018/19 £000**
Present value of the defined benefit obligation	123,815	143,219
Fair value of scheme assets	(87,341)	(95,794)
	36,474	**47,425**
Other movements in the liability (asset)	108	222
Net liability arising from the defined benefit obligation	**36,583**	**47,647**

Discretionary Benefits **Police Pension Scheme**	**2017/18 £000**	**2018/19 £000**
Present value of the defined benefit obligation	1,278,600	1,416,900
Fair value of scheme assets	-	-
	1,278,600	**1,416,900**
Other movements in the liability (asset)	53,000	59,900
Net liability arising from the defined benefit obligation	**1,331,600**	**1,476,800**

22.5. Reconciliation of the Movements in the Fair Value of the Scheme Assets

LGPS	**2017/18 Restated £000**	**2018/19 £000**
Opening fair value of scheme assets	84,312	87,341
Interest income	2,205	2,373
Remeasurement gain / (loss):		-
The return on scheme assets, excluding the amount included in the net interest expense	(259)	4,843
Other	-	-
Effect of changes in foreign exchange rates	-	-
Contributions from employer	2,474	2,736
Contributions from employees in the scheme	725	786
Benefits paid	(2,116)	(2,286)
Other	-	-
31 March	**87,341**	**95,794**

22.6. Reconciliation of Present Value of the scheme Liabilities (defined benefit obligation)

Liabilities LGPS	2017/18 Restated £000	2018/19 £000
Opening balance at 1 April	120,339	123,923
Current service cost	4,544	4,755
Interest cost	3,168	3,393
Contributions from scheme participants	725	786
Re-measurement (gain) / loss:	-	
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-
Actuarial (gains) / losses arising from changes in financial assumptions	(2,763)	12,291
Other	(3)	126
Past service cost	29	452
Losses / (gains) on curtailment	-	-
Liabilities assumed on entity combinations	-	-
Benefits paid	(2,116)	(2,286)
Liabilities extinguished on settlements (where relevant)	-	-
31 March	**123,923**	**143,440**

Unfunded liabilities Police Pension Scheme	2017/18 £000	2018/19 £000
Opening balance at 1 April	1,280,300	1,331,600
Current service cost	30,500	28,200
Interest cost	33,300	36,700
Contributions from scheme participants	5,400	5,400
Re-measurement (gain) / loss:		
Actuarial (gains) / losses arising from changes in demographic assumptions	(13,200)	(98,500)
Actuarial (gains) / losses arising from changes in financial assumptions	(23,200)	96,700
Other	52,900	54,700
Past service cost	-	61,100
Losses / (gains) on curtailment	-	-
Liabilities assumed on entity combinations	-	-
Benefits paid	(34,400)	(39,100)
Liabilities extinguished on settlements (where relevant)	-	-
31 March	**1,331,600**	**1,476,800**

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:

Fair value of scheme assets	2017/18 Restated £000	2018/19 £000
Cash and cash equivalents	**1,068**	**1,056**
Equity instruments		
Consumer	6,416	10,803
Manufacturing	4,966	3,900
Energy and utilities	2,422	2,184
Financial institutions	6,006	5,683
Health and care	3,716	4,244
Information technology	6,794	6,452
Other	-	-
	30,320	**33,266**
Bonds by sector		
Corporate	-	-
UK Government	-	-
Other	-	-
	-	**-**
Property by type		
UK property	7,402	7,660
Overseas property	652	603
	8,054	**8,263**
Private equity	**1,414**	**1,005**
Other investment funds		
Equities	24,233	26,442
Bonds	10,325	11,528
Hedge funds	-	-
Commodities	-	-
Infrastructure	1,272	1,809
Other	10,655	12,426
	46,485	**52,205**
Derivatives	**-**	**-**
Total assets	**87,341**	**95,794**

22.8. Basis for Estimating Assets and Liabilities

Both the Police Pension Scheme and the Local Government Pension 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 uncertain variables.

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 2016.

For the Police Pension Scheme liabilities have been assessed on an actuarial basis using the projected unit method. The last formal valuation of the schemes was carried out as at 31 March 2018. The results of this valuation have been projected forward to 31 March 2019 using approximate methods. The roll forward allows for changes in financial assumptions, additional benefit accruals, actual cash flows over the period and estimated where necessary and updated membership information.

	Local Government Pension Scheme		Police Pension Scheme	
	2017/18	**2018/19**	**2017/18**	**2018/19**
Mortality assumptions	Longevity at 65		Longevity at 60	
	Years	Years	Years	Years
Longevity for current pensioners:				
Men	22.1	22.1	29.5	27.3
Women	24.4	24.4	31.5	29.4
Longevity for future pensioners:				
Men	24.1	24.1	30.8	28.4
Women	26.6	26.6	32.8	30.6
Financial assumptions	**%**	**%**	**%**	**%**
Market derived RPI	3.4	3.5	3.4	3.5
Rate of increase in salaries	2.8	2.9	3.4	3.5
Rate of increase in pensions	2.4	2.5	2.4	2.5
Rate for discounting scheme liabilities	2.7	2.4	2.7	2.4

The Local Government Pension Scheme longevity assumptions are as per the latest full valuation as at March 2016, the Police Pension Scheme longevity assumptions are remodelled annually in the actuarial review.

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

22.9. Present Value of Liabilities

	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Present value of liabilities						
Local government pension scheme	(127,503)	(155,899)	(139,973)	(120,339)	(123,923)	(143,442)
Police pension scheme	(1,067,700)	(1,260,900)	(1,100,800)	(1,280,300)	(1,331,600)	(1,476,800)
Fair value of assets in the local government pension scheme	88,239	99,719	98,857	84,312	87,341	95,794
Surplus / (deficit) in the scheme	**(1,106,964)**	**(1,317,080)**	**(1,141,916)**	**(1,316,327)**	**(1,368,183)**	**(1,524,448)**
Local government pension scheme	(39,264)	(56,180)	(41,116)	(36,027)	(36,583)	(47,648)
Police pension scheme	(1,067,700)	(1,260,900)	(1,100,800)	(1,280,300)	(1,331,600)	(1,476,800)
Total surplus / (deficit) in the scheme	**(1,106,964)**	**(1,317,080)**	**(1,141,916)**	**(1,316,327)**	**(1,368,183)**	**(1,524,448)**

22.10. Impact on the Chief Constable's cash flows

The liabilities show the underlying commitments for retirement benefits that the Chief Constable 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 Chief Constable remains healthy.

The objectives of the Local Government Pension 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. The minimum employer contributions payable over the next year for the PCC Group is 16.3% plus a £1,102k lump sum payment. Estimated employer's contribution for 2019/20 amount to £2.0m on the Local Government Pension Scheme.

Funding levels are monitored on an annual basis. The triennial valuation was provided on 31 March 2016.

For police pensions, the rate (%) at which employer contributions are made to the police pension fund is set by the Home Office. An actuarial valuation during 2014/15 resulted in a reduction in the employers' contribution rate from 24.2% to 21.3% from 1 April 2015. The difference between the old employer contribution rate of 24.2% and the new rate will be retained by the exchequer by means of a reduction in the pensions payment grant from the Home Office, therefore the actual cost to the PCC Group of the employer's contribution is still 24.2%.

Estimated employer contributions for 2019/20 at 31% of pensionable pay amount to £12.2m.

The Local Government Pension Scheme and the Police Pension Scheme take account of the national changes required under the Public Pensions Services Act 2013. Under the Act, the main public service pension 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. For the Local Government Pension Scheme these changes came into operation on 1 April 2014 and for the Police scheme from 1 April 2015.

Maturity profile of the defined benefit obligation:

	LGPS			Police Pension Scheme		
	Liability Split as at 31 March 2019	Liability Split as at 31 March 2019	Weighted Average Duration at Previous Formal Valuation	Liability Split as at 31 March 2019	Liability Split as at 31 March 2019	Weighted Average Duration at Previous Formal Valuation
	£000	%	£000	£000	%	£000
Active Members	101,606	49.3%	25.0	569,800	40.2%	25.5
Deferred Members	53,260	25.8%	26.9	54,100	3.8%	25.8
Pensioner Members	51,205	24.8%	12.2	793,000	56.0%	12.1
Total	**206,071**	**100%**	**20.6**	**1,416,900**	**100%**	**18.1**
Contingent Injuries	-	-	-	28,500	47.6%	25.5
Injury pension liabilities	-	-	-	31,400	52.4%	16.2
Total	**-**	**-**	**-**	**59,900**	**100.0%**	**20.6**

23. Contingent Liabilities

There is one specific matter which currently have the potential to impact the Force:

- A national review of Undercover Policing commenced in 2015 to ascertain the truth about Undercover Policing operations across England and Wales since 1968 and provide recommendations for the future. The review is wide ranging and could lead to individual legal claims submitted from officers for additional payments whilst working on undercover operations. The timescales and values are at present unknown.

24. Accounting Standards Issued but Not Yet Adopted

The following Accounting Standards may be required from 1 January 2020. If these had been adopted for the financial year 2018/19 there would be no known material changes. If further information becomes available that requires changes to 2018/19 these will be restated in the 2019/20 financial statements.

These changes are:

- Amendments to IAS 40 Investment Property: Transfers of Investment Property;
- Annual Improvements to IFRS Standards 2014 - 2016 Cycle;
- IFRIC 22 Foreign Currency Transactions and Advance Consideration;
- IFRIC 23 Uncertainty over Income Tax Treatments;
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation.

25. Prior Period Adjustments

The costs of the G4S Strategic Partnership are included in the PCC's financial statements in line with the management of the contract by the PCC.

Historically, the costs of the Partnership were reported in the Chief Constable's financial statements and the element of the LGPS pension cost that related to the G4S member contributions were included in the Chief Constable's accounts to mirror the reporting arrangements for the contract costs at that time.

The reporting arrangements for the contract changed in 2016/17 and the LGPS pension costs relating to the G4S member contributions should have moved from the Chief Constable's financial statements to the PCC's in line with the contract costs but instead they continued to be reported in the Chief Constable's financial statements.

This error has been corrected in the 2018/19 financial statements and the 2017/18 statements and notes have been restated accordingly. The pension costs are now split between the PCC and the Chief Constable's financial statements to mirror the contract arrangement, with the G4S member's element being charged to the PCC.

The revised split has resulted in an increase to the Deficit on the Provision of Services for the PCC of £1,168k with a corresponding decrease for the Chief Constable. There is no change to the statements for the overall Group position, hence no disclosure has been made in respect of any correction made to each financial statement line affected. The change in the % split is detailed in the table below:

	Pre PPA %	Post PPA %
Chief Constable	96	69.5

A restated balance sheet for 2016/17 has also been included for the purpose of opening balances.

The impact of the prior period adjustment on the pension fund liability held on the balance sheet at 31 March 2018 has been a reduction of £14k.

Police Officer Pensions

Home Office Memorandum Account 2018/19

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

2017/18 £000	Fund account	2018/19 £000
	Contributions Receivable	
	From Employer:	
9,351	Normal	9,697
371	Early Retirements	352
	From Members:	
5,244	Contributions	5,400
303	Individual Transfers in from Other Schemes	212
15,269		**15,661**
	Benefits Payable	
30,946	Pensions	32,492
4,356	Commutations	7,554
-	Lump Sum Death Benefits	11
	Payments To and On Account of Leavers	
7	Refunds of Contributions	4
8	Individual Transfers Out	66
23	Scheme Pays	131
-	Equivalent Premium	-
35,340		**40,258**
20,071	**Sub-total for the year before transfer from the PCC Group for Lincolnshire of amount equal to the deficit**	**24,597**
(20,071)	**Additional funding payable by the PCC Group for Lincolnshire to meet deficit for the year**	**(24,597)**
-	**Net Amount payable/(receivable) by the PCC Group for Lincolnshire**	-

Disclosure Notes

1. 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, new and Career Average Revalued Earnings (CARE) Police Officer occupational pension schemes but has no impact on the benefit structure of either scheme. The CARE scheme was introduced from 1 April 2015. This is the only scheme open to new officers. Existing officers will be brought into the scheme on 1 April 2015 unless they have full transitional protection or tapered protection. 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 1987 old scheme are either 14.25% or 15.05% of pensionable pay. In the 2006 new scheme employees contribute either 11%, 12.05% or 12.75% of pensionable pay. In the 2015 CARE scheme employees contribute either 12.44%, 13.44% or 13.78% of pensionable pay.

2. The fund is administered by XPS on behalf of Lincolnshire Police. 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.

3. There are no investment assets; the fund is balanced to nil each year by receipt of a Police Pensions Payments 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 PCC's long-term pension obligations can be found in the main statements at Note 43.

4. The accounting policies followed are in accordance with Note 1.

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

6. The net amount receivable of £5,453,880 is shown in PCC for Lincolnshire accounts as due from the Home Office.

2017/18 £000	Net Asset Statement as at 31 March	2018/19 £000
	Net Current Assets and Liabilities	
2,659	Pension benefits paid in advance	-
(2,659)	Creditors to the PCC for Lincolnshire	-
-	**Total**	-

2017/18 refers to pension payments made on 30 March 2018 relating to 2018/19.

Glossary of Terms

Term	Definition
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	The measure of the wearing out, consumption, or other reduction in the useful economic life of Intangible Assets.
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 monies are paid into the fund. These are distributed to precepting and billing authorities in proportion to the Council Tax set.
CoPaCC	Centre on Police Practices and Community.
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.
EMOpSS	East Midlands Operational and Support Service.
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.
Flexi Time	Police Staff may utilise the flexi time scheme to accrue additional hours worked that are held pending their use 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 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.
Impairment	An adjustment to the value of long-term assets.
ISG	Integrated Scheme of Governance
JIAC	Joint Independent Audit Committee
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 (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.
NICHE	A Police Records Management System that manages information in relation to the core Policing entities.
Non Domestic Rates	Rates levied on business properties, collected by District Councils, which are distributed between 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 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.
PEEL	Police Effectiveness Efficiency and Legitimacy board.
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.

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	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 supplies and services.
Revenue Support Grant (RSG)	Grant paid by Central Government in aid of service provision.
Section 22 Agreement	Section 22 of the Police Act 1996 provides for joint working between police forces and/or Police and Crime Commissioners where, in the opinion of the Chief Constable or the Commissioner, collaboration would deliver greater efficiency or effectiveness.
Straight Line Depreciation	The writing down of Property, Plant and Equipment values by an equal amount for each year of that asset's life.
Strategic Partner	G4S are the Strategic Partner with the Force for at least ten years from 1st April 2012. G4S Policing Support Services deliver a range of administrative and operational services formerly delivered by a combination of civilian employees and police officers – including Finance, HR, Fleet Management, Custody, Support Services and Control Room.
TOIL	Time Off In Lieu may be accrued by both Police Officers and Staff when working additional hours for which payment is not made.
WYPF	West Yorkshire Pension Fund.
Virement	Transfers between budget headings, in accordance with Financial Regulations, reflecting changes in the PCC's expenditure plans.
XPS	XPS Pensions Group, the pension administrators of the Lincolnshire Police Pension Fund.