



# **HUMBERSIDE POLICE AUTHORITY**

## **ANNUAL ACCOUNTS**

**2009-2010**

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# FOREWORD

## INTRODUCTION

### BACKGROUND

In 2009/10 the UK Government was faced with the task of helping the economy to turn around from plunging into the deepest and longest economic recession that the country has experienced for many years. At the start of the year, the financial markets were still badly disrupted with the real economy suffering from a lack of credit with short to medium term interest rates at record lows and a great deal of concern as to how and when recovery would take place.

The Bank of England had reduced the Base Rate to 0.5% in March 2009 and it remained at that level throughout the financial year. In addition, the Bank of England had to pump liquidity into the economy through “quantitative easing”. In the early part of the year, the worst fears of a global depression eased, but it was mid-year before economies started to show signs of stabilising and a return to growth. The UK economy that had shown mixed performance did not see growth until the 4<sup>th</sup> quarter of 2009. Even then that was a real disappointment with growth of just +0.1%, a figure that was subsequently revised upwards to +0.3% and then +0.4%.

In January 2010, the then Government confirmed that for 2010/11 it would honour the commitments in terms of external funding in the final year of the 2007 Comprehensive Spending Review and that the 3 year pay settlement would not be reopened. This information was taken into account when the budget was set for 2010/11.

However, as the year drew to a close, with the impending General Election, whilst there was a general acceptance that drastic action needed to be taken to address the level of public debt accumulated following the banking crisis there was little information as to the scale and timing of cuts. The Labour Party was seeking to delay implementation of cuts supported at the time by the Liberal Democrats in order to avoid the risk of slipping back into recession with the Conservative Party pushing for early action to address the budget deficit. Following the formation of the Coalition Government and concerns over the Greek economy and possibility of these concerns spreading to other southern European countries, the new Administration agreed that there should be £6bn in public sector cuts in 2010/11 with the Home Office having to take its share of £367m. As a result the Authority has already been notified of in year reductions in grant funding of 1.46% affecting both capital and revenue.

2009/10 closed with the Authority having to plan against an uncertain future, certainly beyond 2010/11. Although this certainty may be restored, it will almost certainly be against a background of significantly lower levels of Government support in the years ahead with specific information only likely to become available when details of the Comprehensive Spending review are announced in the Autumn and with confirmation of grant settlement arrangements after that.

The Authority's Statement of Accounts covers the financial year ended 31 March 2010 and has been prepared in accordance with the Code of Practice on Local Authority Accountancy in the United Kingdom 2009: A Statement of Recommended Practice (SoRP). The Statement consists of:

- **Income and Expenditure Account:**  
This shows income and expenditure during the year on policing services, and how this has been funded by central government grants and local taxpayers.
- **Statement of Movement in the General Fund Balance**  
This compares the Authority's spend against the Council Tax raised during the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.
- **Statement of Total Recognised Gains and Losses**  
This brings together all the gains and losses of the Authority for the year and shows the aggregate decrease in net worth.

- Balance Sheet  
This shows the Authority's assets and liabilities as at 31<sup>st</sup> March 2010 and its overall financial position at that date.
- Cashflow Statement  
This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.
- Pension Fund Account  
Sets out the financial position of the Police Pension Fund as at 31 March 2010.

The SoRP has required changes to be made to the presentation of expenditure within the Income and Expenditure Account to reflect an updated reporting format in line with the Best Value Accounting Code of Practice (BVACOP) and with more detailed reporting arrangements in connection with the officer emoluments and specific requirements in respect of senior officers within the Force and the Statutory Officers within the Police Authority. Other minor changes have been made to the disclosure notes where relevant.

The Accounts are supported by the Statement of Responsibilities; the Statement of Accounting Policies and Annual Governance Statement. There has been a Accounting Policy change in relation to accounting for Council Tax income which recognises the Agency agreements between billing and precepting authorities creating a debtor / creditor position which is recognised in the Income and Expenditure Account and has involved a prior year adjustment.

Notes to the Accounts analyse the financial statements and provide more detailed additional information.

Last year the Authority reported on the failure of two of the UK subsidiaries of the Icelandic banks, Heritable Bank and Kaupthing Singer and Friedlander with which the Authority had investments at the time of their collapse in October 2008. During 2009/10, I have continued to work with colleagues representing the other local and police authorities with investments in the Icelandic banks through efforts coordinated by the Local Government Association and the Association of Police Authorities to ensure that every possible effort continues to be made to recover these funds. The impact of the potential losses relating to investments in Icelandic banks have been treated in the financial statements in accordance with the latest guidance issued in Local Authority Accounting Panel (LAAP) Bulletins which deal with the impairment of the deposits. This is updated as calculations are amended to reflect the most up to date projections by the relevant administrators on likely levels of recovery. The arrangements introduced last year to include an Impairment of Financial Assets Account and a Financial Instrument Adjustment Account have continued and show the comparable entries for 2008/09. The latest LAAP bulletin was received in May 2010 reflecting an updated assessment of the amounts to be recovered and the financial implications of this information have been taken into account and are shown as a post balance sheet event.

Joint Police Authorities Committee (JPAC) activity for which the West Yorkshire Police Authority is the lead authority for finance, continue to be regarded as a Joint Arrangement Not an Entity (JANE) in line with the SoRP. The Audit Commission have accepted this approach and have recently confirmed that JPAC accounts do not need to be subject to a separate final accounts audit as this will be covered by the audits of each individual police authority.

Towards the end of 2009, the Police Authority received a score of "2", meeting minimum requirements, in the Audit Commission's Use of Resources scored judgement for 2008/09. The Force and the Authority have continued to progress actions in 2009/10 with a view to improving this assessment for the year. Whilst the District Auditor has carried out work on Use of Resources and received extensive evidence from the Force and the Authority in accordance with a revised agreed procedure, and initial feedback based on a gap analysis / self assessment has suggested that there would have been an improvement on the 2008/09 position, the Authority has been informed that it will not receive a scored judgement for 2009/10. The Use of Resources work will however be taken into account when arriving at his opinions on these financial statements.

## **FINANCIAL PERFORMANCE**

### **Revenue**

The revenue budget for 2009/10 was set at £182.894m. The Authority agreed a Council tax precept of £162.41 per Band D property, an increase of 3.9% over the previous year. Budget decisions for 2009/10 once again reflected the need to balance national regional and local priorities.

Partner agencies including CDRPs, HMIC, LCJB and the Government Office for Yorkshire and the Humber were involved in workshop sessions as in previous years. These sessions also considered feedback from local people and communities obtained through the range of consultation processes utilised by the Force and the Authority and from improved liaison with the local business community.

The Medium Term Financial Strategy (MTFS) was updated once more and approved by the Authority at the same time as the budget so that spending decisions could be taken in the context of 5 year financial projections.

The Police Authority continued to operate within its agreed Corporate Governance Framework. The Finance Committee received regular budget monitoring reports throughout the year. The format of the reports agreed during 2008/09 was further developed with the introduction of "scorecards" mid year to support detailed reports to the Finance Committee and the extension of reports to cover cashflow. Additional information in the form of detailed financial commentaries was made available to members on a monthly basis via the secure area of the Police Authority web-site. The programme of improvement actions proposed by the Assistant Chief Officer (Support) was implemented and finance and resource management was again included in the Deputy Chief Constable's Performance Conferences.

During 2009/10 the Choices Programme, a corporate capacity and capability review designed to examine all aspects of Force activity, moved ahead and savings against budget of over £2m being identified in the year. The Force also implemented further tranches of Business and Workforce Modernisation (BWM), which continues to alter the workforce mix and to identify permanent savings, again in excess £2m, in addition to those from the Choices Programme. These have been factored into the Medium Term Financial Strategy (MTFS).

In September 2009, the Chief Constable also introduced Integrated Business Management into the Force. This is a cyclical process operating 4 weekly to drive and oversee the management of change within the Force by integrating and seeking to reconcile service planning, demand and supply considerations as part of a continuous review of the management of the business. This has helped significantly in managing additional demands for service within existing resources and managing the year end position in 2009/10 to a close tolerance.

The Finance Committee received reports in March 2010 and in May 2010 and agreed carry forwards of £2.063m with a forecast under spend of £0.585m. To the extent that they have not already been taken into account, the financial implications of the final outturn position for 2009/10 on budget assumptions for 2010/11 will be reflected in future budget monitoring reports.

The table below compares outturn for 2009/10 in the format of the original budget. Under spending during the year is reflected in the movement in earmarked reserves.

	<b>Budget</b>	<b>2009/10</b>		<b>Variation</b>
	<b>£'000</b>	<b>Actual</b>		<b>£'000</b>
		<b>£'000</b>		
<b><u>Expenditure</u></b>				
Gross Revenue Expenditure	204,180	201,087	(-)	3,093
Interest Payable	576	525	(-)	51
	<u>204,756</u>	<u>201,612</u>	(-)	<u>3,144</u>
Less:-				
<b><u>Income</u></b>				
Income and Grants	18,863	18,856	(-)	7
Interest on Revenue Balances	1,387	778	(-)	609
	<u>20,250</u>	<u>19,634</u>	(-)	<u>616</u>
<b>Net Expenditure before Reserves</b>	184,506	181,978	(-)	2,528
Less:-				
<b><u>Movement in Earmarked Reserves</u></b>	(5,829)	(3,394)	(+)	2,435
	<u><b>178,677</b></u>	<u><b>178,584</b></u>	(-)	<u><b>93</b></u>
<b><u>Financed by:</u></b>				
	<b>Budget</b>	<b>2009/10</b>		<b>Variation</b>
	<b>£'000</b>	<b>Actual</b>		<b>£'000</b>
		<b>£'000</b>		
<b><u>Expenditure</u></b>				
Police Grants	71,697	71,434	(-)	263
Revenue Support Grants	11,318	11,318		0
Non Domestic Rates	49,036	49,036		0
Council Tax	46,626	46,796	(+)	170
	<u>178,677</u>	<u>178,584</u>	(-)	<u>93</u>

The Income and Expenditure Account included in the Statement of Accounts is presented in the format required to comply with the SoRP and reflects the net cost of service including charges for retirement benefits (in accordance with FRS17), depreciation and losses on disposal or impairment of fixed assets, and other adjustments. However, the budget on which precepting decisions are made and against which spending is monitored during the year is constructed on a basis which includes actual pension costs and incorporates the minimum revenue provision (MRP) in respect of debt repayment and interest charges as opposed to depreciation.

The Accounts incorporate the necessary assumptions to comply with the requirements of Financial Reporting Standard 17 on Retirement Benefits. This means that the cost of retirement benefits, determined actuarially, are recognised within the Income and Expenditure Account with the long term liabilities being incorporated within the Balance Sheet. These liabilities total £1,511.750m at 31 March 2010 (compared with £987.507m at March 2009) resulting in an overall negative balance at 31 March 2010 of £1,451.797m (£926.017m at March 2009). Finance for Police Pensions is only required when they are actually paid. Funds within the Local Government Pension Scheme are subject to triennial actuarial valuations with contribution rates adjusted to over time to match assets and liabilities.

### Capital

Capital expenditure was forecast to outturn at £9.621m in 2009/10. Actual expenditure was £9.313m. An analysis of the capital programme is set out below:

	<b>2009/10</b>
	<b>£'000</b>
Building Improvements	4,569
Vehicles and Equipment	1,695
Computer Systems	1,109
Communication Systems	670
Air Support	230
Neighbourhood Policing Team Bases	1,040
	<u>9,313</u>

The expenditure on Buildings Improvements includes site acquisition and other costs in connection with the Bridewell and D Division Headquarters development on Clough Road.

The Authority continued with its intention to use unsupported borrowing in line with the CIPFA Prudential Code to finance elements of the capital programme. At 31 March 2010 long term loans outstanding totalled £8.187m.

## **RESERVES**

At the end of the financial year the balances on the Authority's four distributable reserves were:

	<b>2009/10</b>
	<b>£'000</b>
Performance Improvement Reserve	28,970
Partnership Reserve	335
Risk Management Reserve	1,800
General Reserve	5,351
	<u>36,456</u>

I am satisfied that the levels of reserves held by the Authority are adequate. This position will be monitored regularly as part of the system of revenue and capital budget monitoring that will take place throughout 2010/11 along with the continuous review of issues affecting the MTFs. The Police Authority has continued to support plans to use accumulated reserves in order to support Choices Programme and Business and Workforce Modernisation initiatives. The Authority recognise that this involves significant business change in a planned and managed fashion as the Force seek to improve productivity, efficiency and value for money whilst trying to maintain performance against a background of what are likely to be almost unprecedented financial challenges.

## **PROSPECTS FOR 2010-11 AND LATER YEARS**

The Police Authority set a budget of £184.593m for 2010-11 with a precept of £166.47 per band D property (an increase of 2.50%). External funding increased by 2.6%, prior to the May 2010 announcement referred to above. The Authority's decisions in terms of both the level of increase in budget requirement over 2009-10 and on the Council Tax increase fell well short of the criteria used by the Government to select authorities for Council Tax capping. Indeed, the increase in Council Tax outside was one of the lowest in England and Wales outside those authorities that had been designated within the capping process as a result of 2009/10 spending decisions.

Links between policy priorities and resource allocation once again took into account the views of external partners and the results of public consultation. The Authority and the Force have continued to build links with local partners and sought to ensure that the Police Service contributes towards and has been engaged in the refresh of Local Area Agreements targets agreed by the four LSPs. This has included identifying indicators from the National Indicator set as well as local measures.

The MTFs has become the established mechanism to link service and financial planning and provides the overarching strategy for the Force and the Authority. It continues to be used to model the underlying assumptions and to discuss the level of available reserves, unfunded risks and other factors when making decisions. It includes the strategy for capital financing and incorporates the

financial impact of the use of prudential borrowing and also provides a basis for setting efficiency targets.

In 2009, the Authority presented the Chief Constable with the challenge of balancing the budget i.e. reducing the reliance on reserves beyond that already planned to support ongoing revenue spending and Members that this should be done over a period of 5 years. The key element in achieving this target was the 'Choices Programme'. When this challenge was presented to the Chief Constable, the target requirement for permanent savings was £12.6m. This had risen to £15m based on the assumptions made towards the end of the financial year and before the General Election. Following the Election and the formation of the Coalition Government, the Authority was informed of reductions of £1.809m in revenue grant (taken from Rule 2 grants, £157k in Capital Grant for 2010/11) and a reduction in Counter Terrorism funding. This already presents a further challenge and along with the rest of the public sector the Police Service is faced with the prospect of deeper cuts in funding in future years that will need to be addressed.

Although the Authority continues to be in a relatively strong position financially this must be set against the potential scale of the financial challenges ahead.

The underlying assumptions within the MTFs have once again been closely monitored and moderated with colleagues across the Yorkshire and Humber Region and Nationally. The "Choices Programme" has been overseen by the Outstanding Policing Programme Board, where the Chair and Chief Executive represent the Police Authority.

The MTFs will be updated as more information becomes available on the Government's proposals in terms of funding cuts, pay restraint and its policy on Council Tax and tax increases. This information is only likely to become available as part of the planned Comprehensive Spending Review.

It will be more important than ever to ensure that the MTFs is a living document, regularly updated, as the Authority will be dependent on it to ensure that it can make judgements on whether or not spending plans are deliverable, sustainable and affordable in the short and medium term.

The Authority and the Force have continued to work closely with colleagues within the Region through the Joint Police Authorities' Committee (JPAC). JPAC's work has now broadened activities extended in connection with Protective Services and with the approval of a Regional Efficiency and Productivity Strategy. This Strategy has moved on to the stage where Deloitte's have delivered a briefing paper for the Police Authorities and Forces in Yorkshire and Humber: "*Delivering value for money through collaboration*". This document is currently being considered on an individual basis by the four police authorities and forces and at a regional level with a view to agreeing next steps.

The Authority has continued to prepare for the introduction of International Finance Reporting Standards (IFRS) to ensure its accounts for 2010/11 will be fully IFRS compliant. This work has been technical and complex and involved a range of officers within the Force outside of the Finance team as well as work with colleagues within the Region. The necessary arrangements are now in place for the attached accounts to be re-cast to generate the comparator figures for 2009/10 that will be needed next year and to make the required changes to the current accounting policies.

At the end of the year the service level agreement for the provision of Internal Audit services with the North Lincolnshire Council came to an end following the decision to enter into revised arrangements with the West Yorkshire Police Authority from 1 April 2010. I would like to place on record my and the Authority's appreciation of the work that has been undertaken by the North Lincolnshire Council's Audit and Risk Manager and her team during their long association with the Authority.

I would also like to take this opportunity once again to thank the Finance team within the Force principally responsible for compiling the financial statements and for the support from operational managers in ensuring that the accounts have been completed by the deadline of 30 June.

**John Bates CPFA**

Deputy Chief Executive and Treasurer

## AUDIT OPINION

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# Independent auditor's report to Members of Humberside Police Authority

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### Opinion on the accounting statements

I have audited the accounting statements, the police pension fund accounting statements and related notes of Humberside Police Authority for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, Statement of Movement on the General Fund Balance, Balance Sheet, Statement of Total Recognised Gains and Losses, Cash Flow Statement, and the related notes. The police pension fund accounting statements comprise the Fund Account, the Net Assets Statement and the related notes. The accounting statements and police pension fund accounting statements have been prepared under the accounting policies set out within them.

This report is made solely to the members of Humberside Police Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

### Respective responsibilities of the Treasurer and auditor

The Treasurer's responsibilities for preparing the accounting statements, including the police pension fund accounting statements, in accordance with applicable laws and regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities.

My responsibility is to audit the accounting statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements, the police pension fund accounting statements and related notes give a true and fair view, in accordance with applicable laws and regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of:

- the financial position of the Authority and its income and expenditure for the year; and
- the financial transactions of its police pension fund during the year and the amount and disposition of the fund's assets and liabilities, other

than liabilities to pay pensions and other benefits after the end of the scheme year.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework', published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the accounting statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

I read other information published with the accounting statements, the police pension fund accounting statements and related notes and consider whether it is consistent with the audited accounting statements, the police pension fund accounting statements and related notes. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements, the police pension fund accounting statements and related notes. My responsibilities do not extend to any other information.

#### **Basis of audit opinion**

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements, the police pension fund accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements, the police pension fund accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements, the police pension fund accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements, the police pension fund accounting statements and related notes.

## Opinion

In my opinion:

The accounting statements and related notes give a true and fair view, in accordance with applicable laws and regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended; and

The police pension fund accounting statements give a true and fair view, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial transactions of the police pension fund during the year ended 31 March 2010 and the amount and disposition of the fund's assets and liabilities as at 31 March 2010, other than liabilities to pay pensions and other benefits after the end of the scheme year.

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## Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

### Authority's Responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

### Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for police authorities published in May 2008 and updated in October 2009. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for police authorities specified by the Audit Commission and published in May 2008 and updated in October 2009, and the supporting guidance, I am satisfied that, in all significant respects, Humberside Police Authority made proper arrangements to

secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010.

**Certificate**

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.



Mark Kirkham  
District Auditor  
3 Leeds City Office Park  
Holbeck  
Leeds  
LS11 5BD

30 September 2010

## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### The Authority's Responsibilities

The Authority is required:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Authority that officer is the Deputy Chief Executive and Treasurer.
- To manage its affairs to ensure economic, efficient and effective use of resources and to safeguard its assets.
- To approve the Statement of Accounts.

**I confirm that these accounts were approved at the Authority's Finance Committee meeting held on 28<sup>th</sup> September 2010.**

**Signed on behalf of the Police Authority by the Chair of the meeting approving the accounts:**

**Date:** \_\_\_\_\_

### Treasurer's Responsibilities

The Deputy Chief Executive and Treasurer is responsible for the preparation of the Authority's statement of accounts which, in accordance with the *Code of Practice on Local Authority Accounting in Great Britain* (the 'Code of Practice'), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) is required to present fairly the financial position of the Authority at the accounting date, and its income and expenditure for the year ended 31 March 2010.

In preparing this statement of accounts, the Treasurer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice

The Treasurer has also:

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

**In accordance with regulation 10(2) of the Accounts and Audit Regulations 2003, I certify that the attached Statement of Accounts present a true and fair view of the position of the Authority as at 31 March 2010 and its income and expenditure for the year.**

**Date:** \_\_\_\_\_

**John Bates**  
Deputy Chief Executive and Treasurer

## STATEMENT OF ACCOUNTING POLICIES

- 1. General Principles**

The Statement of Accounts summarises the Authority's transactions for the 2009/10 financial year and its position at the year end of 31 March 2010. It has been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2009:A Statement of Recommended Practice* (the SoRP). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

The Statement of Accounts reflect guidance notes issued on the application of Financial Reporting Standards (FRS's). Exceptions to the SoRP and FRS's are disclosed where necessary.

If it has been necessary to use estimates within the accounts, the basis used is consistent with the methodologies used in previous years.
- 2. Income & Expenditure Account**

The Authority has produced an Income & Expenditure Account that presents a service expenditure analysis in accordance with the Best Value Code of Practice, which is supplemented by a separate analysis on a subjective basis.
- 3. Accruals of Income & Expenditure**

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

  - **Employees Costs**  
The full cost of employees is charged in the Income & Expenditure account for the period in which the employees worked. Accruals have been made for salaries earned but unpaid at the year end. Where retrospective adjustments or special payments have been identified these have been charged to the Income & Expenditure account.
  - **All Other Non-Pay Service Costs**  
These are included within the Income & Expenditure account on an accruals basis in order to account for them in the period during which they were consumed or received. 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 stocks on the Balance Sheet.
  - **Interest payable on borrowings and receivable on investments** is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by contract.
  - Where income has been recognised but not received a debtor will be recorded in the Balance Sheet. Investment income outstanding at the end of the year will be added to the short term investments figure on the balance sheet. Where it

is doubtful that such debts will be settled, the balance of the debtor is written down and a charge is made to the bad debts provision.

- **Accrued Income**  
Income due to the Authority is made up of:
  - Police Grant
  - Rev Support Grant (Home Office)
  - Nat Non-Domestic Rates
  - Precept

Revenue recognised for the above shall be on the due date; apportioned over the year as appropriate.

- Specific Grants (ring-fenced)
- Lifestyle - sponsorship (prizes) - funding from a charity sponsored by BP.

Revenue recognised for the above shall be on the due date; apportioned over the year as appropriate.

- **Finance Income (Interest)**  
Interest income shall be recognised on an accrual basis under the Financing and Investment code rather than debtors.

Short duration receivables with no stated interest rate may be measured at original invoice amount if the effect of discounting is immaterial.

Where payment is on deferred terms (i.e. beyond normal credit terms), the consideration receivable is recognised initially at the cash price equivalent, (that is the discounted amount). The difference between this amount and the total payments received is recognised as interest revenue in Income and Expenditure account.

Revenue relating to such things as council tax and Revenue Support Grant (RSG), shall be measured at the full amount receivable as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

- **Accrual of Expenditure**  
Where payment is on deferred terms (i.e. beyond normal credit terms), the consideration payable is recognised initially at the cash price equivalent, (that is the discounted amount). The difference between this amount and the total payments is recognised as interest expense in Income and Expenditure account.

Short duration payables with no stated interest rate may be measured at original invoice amount if the effect of discounting is immaterial.

Financial liabilities (i.e. trade and other payables) relating to such things as council tax and RSG shall be measured at the full amount payable as they are

non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

#### **4. Regional Working**

The Authority engage in collaborative working in partnership with the Yorkshire and the Humber forces and authorities to deliver a number of specific services on a regional basis. The governance for this regional programme of activity is via the Joint Police Authority Committee (JPAC) in accordance with the Heads of Agreement. The administration of activities is via the Regional Programme Team including the financial administration of regional budgets which is led by West Yorkshire Police Authority (WYPA).

The accounting arrangements for regional working are to account for this regional activity as a Joint Arrangement Not an Entity (JANE) in line with the SoRP. The WYPA have produced memorandum accounts within their Authority financial statements summarising all pertinent transactions. The impact of regional working on Humberside Police Authority (HPA) primary statements is as follows: -

- The Income and Expenditure Account for HPA incorporates the Authority's expenditure on regional work for 2009/10 (Note 16).
- The Cashflow statement incorporates the cash outflow associated with regional amounts paid to West Yorkshire Police Authority.

#### **5. Provisions**

Provisions are made where an event has taken place that gives the Authority an obligation that probably requires settlement by transfer of economic benefits, but where the timing of the transfer is uncertain. Provisions are established in accordance with FRS 12 Provisions, Contingent Liabilities and Assets. Policy in relation to the provisions included within the Balance Sheet as at 31 March 2010 are :

- A provision shall be established in respect of bad debts and other contractual commitments where there is a quantifiable financial obligation. Contributions to provisions are charged to the appropriate service revenue account and, with the exception of insurance claims the costs of which are charged to the revenue account, the expenditure when incurred is charged directly to the provision. Contingent assets and liabilities shall not be recognised other than by way of a note to the accounts disclosing the nature and an estimate of the financial effect and timing.
- Commuted Police Officers Overtime  
A provision has been established to meet overtime payment claims for officers entitled to payment, instead of taking time due.
- Compensatory Grant.  
This provision relates to payment for tax deducted

in respect of compensatory grant, always paid in the year after the year it relates to.

**6. Contingent Liabilities** The Authority recognises material contingent liabilities which arise from past events whose existence can only be confirmed by the occurrence of one or more uncertain future events which are not wholly within its control in the notes to the balance sheet.

**7. Grants** Revenue grants are credited to revenue in the same period as the expenditure to which they relate. Grants for capital expenditure are also accounted for on an accruals basis. Grants are credited initially to the government grants deferred accounts. Amounts of grant are released to the Income and Expenditure Account over the useful life of the asset to match the depreciation charged on the asset to which it relates.

**8. Fixed Assets** Recognition

Expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis.

Such expenditure is normally only capitalised where it yields benefits to the authority for more than one financial year.

Expenditure that secures but does not extend the previously assessed standards of asset performance (e.g. repairs and maintenance) is charged to revenue as it is incurred.

#### Measurement

Assets are initially measured at cost, which is all expenditure that is directly attributable to bringing the asset into working condition for its intended use.

Straight line depreciation/amortisation is used to calculate the depreciation charge on all assets.

Assets are then carried in the Balance Sheet using the following measurement bases:

#### Assets Held for Sale

Assets are only classified as held for sale where they meet strict criteria; asset must be available for immediate sale in its present condition & the sale must be highly probable within the next 12 months. Assets that are surplus to requirements, are included in the balance sheet at the lower of fair value less costs to sell or its carrying amount.

#### Operational Assets

- Land and Buildings  
Current value net of accumulated depreciation.
- Vehicles, and Equipment  
Historic cost less accumulated depreciation as a proxy for current replacement cost.

#### Non Operational Assets

- Assets Under Construction

Held at Initial Cost Value.

- Buildings for Sale  
Valued as for Land and Buildings, operational assets.
- Vehicles or equipment purchased, but not in operational use.  
Held at Initial Cost Value.

#### Intangible Assets

- Software  
Shown at purchase price or written down value.

Land and buildings included in the Balance Sheet are revalued over a five year rolling programme, and also when new buildings have been completed or when major building work has been undertaken.

The outcome of the five year rolling valuation programme, is used to provide a guide to realign other property values within the estate portfolio, to reflect changes in market property values, at the end of each Financial year.

#### Impairments

Impairment testing must be done when an observable indication of impairment has occurred.

For Land and Buildings when revaluations are undertaken, where impairment is identified this is accounted for by:

- Where attributable to the clear consumption of economic benefits, the loss is charged to the Income and Expenditure account.
- Otherwise, written off against any revaluation gains attributable to the relevant asset in the Revaluation reserve, with any excess charged to the Income and Expenditure Account.

Where an impairment loss is charged to the Income and Expenditure account but there were accumulated revaluation gains in the Revaluation reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation reserve to the Capital Adjustment Account.

#### Gains & Losses on Revaluation

For the purposes of calculating gains and losses the current value of individual assets at the 31st March 2007 shall equal the Historic Costs. Changes in value arising from previously undetected errors shall be adjusted in the Capital Adjustment Account (CAA). Changes in value resulting in impairment shall be charged to the I&E Account and adjusted out through the Statement of Movement on the General Fund Balance (SMGFB) to the CAA.

In the majority of cases gains on revaluation shall be credited to the Revaluation Reserve except where a previous impairment has been charged to the I&E account. If the loss and the gain are linked to the same event the

revaluation gain will exceptionally be credited to the I&E account.

#### Disposals

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from the sale/disposal of the asset are credited to the Income and Expenditure Account as part of the gain or loss on disposal (i.e. netted off against the carrying value of the assets at the time of disposal).

Any revaluation gains relating to the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Capital receipts are appropriated to the Capital Adjustment Account.

The written off value of all asset disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Statement of Movement on the General Fund Balance.

#### Asset Lives

The remaining useful asset lives shall be estimated and, if deemed necessary, amended to reflect the amount of economic benefit remaining to be provided by tangible fixed assets. Asset lives shall be determined taking into account the number, age, obsolescence, if relevant type of construction, condition, repair and enhancement. Estimates of remaining useful live shall be made annually if deemed appropriate and each time the asset is revalued. The Authority must disclose any change in estimates when made. Any resulting change to the depreciation charge is only made prospectively. In practice property revaluations will periodically eliminate any distortions where historic depreciation charges were too high.

#### Depreciation

Depreciation is provided for on all operational assets other than land, that have a determinable finite life, by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use on a straight line basis. Depreciation is not taken on additions to the capital base for the year. Depreciation is calculated on the following basis.

Approximate average depreciation periods are as follows:

Tangible fixed assets	
• Buildings	25 – 50 years
Vehicles	
• Small/medium sized	1 – 5 years
• Large	6 – 8 years
• Boat	10 years
• Equipment (all types)	5 years

Intangible fixed assets	
• Software	5 years
Assets under construction	
• Vehicles	Not depreciated
• Buildings	Not depreciated
Held for sale assets	
• Buildings	Not depreciated

#### Depreciation on Revaluation

Excess Depreciation is transferred from the Revaluation Reserve to the Capital Adjustment Account, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

#### Capital Grants

Capital grants are included in the Income and Expenditure Account, as a capital charge, along with depreciation.

Where grants received are used to fund the purchase of fixed assets, the grant is credited to the Capital Grants Deferred Account. The balance is then written down to the Income and Expenditure Account to offset depreciation charges made on fixed assets. As with depreciation grants are appropriated to the Capital Adjustment Account, from the Statement of Movement on the General Fund Balance.

#### Charges to the Income and Expenditure account

The Income and Expenditure Account is debited with the following amounts to record the real cost of holding fixed assets during the year:

- Depreciation attributable to assets held.
- Impairment losses attributable to the clear consumption of economic benefit, other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off.
- Amortisation of intangible fixed assets.

The Authority is not required to raise Council Tax to cover depreciation, impairments losses or amortisation.

However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement, the minimum revenue provision (MRP). This is equal to 4% of the adjusted Capital Financing Requirement at 31 March 2009 and subsequently supported borrowing, together with an amount equal to any capital expenditure funded by unsupported borrowing, apportioned over the estimated life of the asset.

Depreciation, impairment losses and amortisations are therefore replaced by the MRP in the Statement of

Movement on the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

**9. Loans**

The Authority raises loans to finance capital expenditure from the PWLB (Public Works Loans Board). Instalments of principal repayments are charged against the statutory Minimum Revenue Provision (MRP) as detailed above.

Borrowing and gains or losses on early settlement of borrowing shall be reported in the accounting statements in accordance with FRS 25, 26 and 29 as modified by the Statement of Recommended Practice (SoRP) and legislation. Interest shall be accrued and accounted for in the Income and Expenditure account in the appropriate year when the economic effect is reflected in the accounts. Any fees paid shall be spread over the life of the borrowing facility or loan (whichever ends first) using the Effective Interest Rate method.

**10. Operating Lease Rentals**

Operating lease rentals are charged direct to revenue. The related liability for future rentals payable is disclosed at Note 5 to the Income and Expenditure Account.

**11. Capital Receipts**

Capital receipts over £10,000 from the sale of fixed assets are held in the capital receipts unapplied account until such time as they are used to finance other capital expenditure or to repay debt. Individual receipts of less than £10,000 are shown as income within the Income and Expenditure Account.

**12. Stocks and Work in Progress**

Stocks and work in progress are included in the Balance Sheet at 'average cost' valuations.

The SoRP requires stocks to be shown at actual cost or net realisable value, if lower; the effect of using average cost is likely to be immaterial.

**13. Reserves**

The Authority sets aside specific reserves for future policy purposes. The Authority has four revenue reserves:

- Performance Improvement Reserve
- Risk Management Reserve
- General Reserve
- Partnership Reserve

The total movement on the revenue reserves is created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the Income and Expenditure Account to score against Net Cost of Services.

The reserve is then appropriated back to the General Fund Balance so that there is no net charge against Council Tax, Police Grant etc.

The Authority holds three Capital Reserves:

- **Capital Adjustment Account**  
This account is credited with amounts set aside to finance capital expenditure and absorbs the timing differences that might arise as a result of the setting aside of resources being out of line with accounting charges for depreciation and impairment losses.
- **Revaluation Reserve**  
This reserve shows the amount (at the Balance Sheet date) as a result of the revaluation of fixed assets, net of any impairments offsets, and excess depreciation as a result of revaluation.
- **Capital Receipts Reserve**  
This reserve shows the receipts from the sale of assets during the year, the receipt is used to fund capital expenditure during the year.

Other reserves held by the Authority, held to meet accounting requirements:

Pensions Reserve

As a result of the introduction of FRS 17 Accounting for Pensions, a reserve was set up in 2003-04. This reserve is used to offset the pension scheme assets/liabilities and affect of actuarial surpluses or deficits.

Financial Instruments Adjustment Account

This account shows any impairment to the value of financial instruments of the authority, and is effectively offset against reserve balances.

Collection Fund Adjustment Account

This Reserve is required by the 2009 SoRP for billing and precepting Authorities regarding the collection and distribution of council tax receipts.

In accordance with the Code of Practice (the SoRP) the Authority's reserves are analysed between "earmarked" i.e. the revenue reserves mentioned above, which are reserves available generally to support the budget and "accounting reserves" (Capital Reserves, Pension Reserve, Financial Instruments Adjustment Account and Collection Fund Adjustment Account).

See Note 31 to the Balance Sheet for details of Reserves.

**14. Interest on Investments**

Reflects the interest on investments undertaken as part of the Authorities approved Treasury Management Policy, the interest received is credited to the Income and Expenditure Account.

The following valuation bases shall be used for reporting in the Balance Sheet:

- Loans & receivables – amortised cost
- Available for sale – fair value
- Unquoted equity – fair value or cost if no fair value available

Investments shall be reported in the accounting statements in accordance with FRS 25, 26 and 29 as modified by the

SoRP and legislation.

Interest shall be accrued and accounted for in the Comprehensive Income and Expenditure statement in the appropriate year when the economic effect is reflected in the accounts. Interest shall be reported in the accounting statements in accordance with FRS 25, 26 and 29 as modified by the SoRP and legislation.

The following principle shall apply :  
Interest received on surplus funds invested externally shall be credited to the Income and Expenditure Account from where appropriations shall be made.

**15. Exceptional, Extraordinary Items, Prior Year Adjustments & Post Balance Sheet Events**

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

Extraordinary items shall be disclosed on the face of the Income and Expenditure Account and explained in a note.

Unless otherwise sanctioned by the SoRP, material prior period adjustments shall result in a restatement of prior year figures and disclosure of the effect.

Material post balance sheet events shall, if applicable at the balance sheet date, amend the Statement of Accounts. Other events will be disclosed with an estimate of the likely financial effect.

**16. Group Accounts**

Each year the Authority shall review its interests and influence in all types of entities including, but not limited to, other authorities and similar statutory bodies, common good trust funds, charities, companies, joint committees and other joint arrangements. When appropriate, group accounts shall be prepared in accordance with the generally accepted accounting practices.

**17. PFI**

Private Finance Initiative (PFI) arrangements typically involve a private sector entity (the operator) constructing or enhancing infrastructure used in the provision of a public service, and operating and maintaining that infrastructure for a specified period of time. The operator is paid for its services over the period of the arrangement. Any contract entered into shall be assessed in the light of the relevant accounting standards and practices to determine whether or not the Authority needs to recognise an asset and related liability in its accounts.

**18. Financial Instruments – Embedded Derivatives**

Financial Instruments – Embedded Derivatives shall be reported in the accounting statements in accordance with FRS 25, 26 and 29 as modified by the SoRP and legislation.

**19. Collection Fund**

Precept income is collected on behalf of the Police Authority by the four unitary Authorities (East Riding of Yorkshire Council / Kingston upon Hull City Council / North East Lincolnshire Council / North Lincolnshire Council) and is collected under an agency arrangement with the Police Authority including an appropriate share of taxpayer transactions within the Financial Statements.

## 20. Pensions

The Authority participates in three pension schemes, two for Police Officers and one for Support Staff. All of the schemes provide members with defined benefits related to pay and service. Information on the schemes and the revised accounting arrangements following the Government's decision to fund Police pension costs are set out below:-

### ▪ **Police Officers**

#### ➤ **The 1987 Police Pensions Scheme**

This pension scheme involves officers paying contributions of 11%.

#### ➤ **The 2006 Police Pensions Scheme**

This pension scheme was introduced in 2006 and introduced different benefits from the 1987 Police Pensions Scheme. The new scheme which all new recruits will join has a contribution rate of 9.5%.

The Police Authority accounts for police pensions through the Police Pensions Fund Account. The cost to the Police Authority is via an employers contribution and a capital charge for officers who retire on ill health charged from the Pensions Fund account to the Income and Expenditure Account (see Page 64 for further details). Central Government meets the balance of the net cost of pensions after taking account of contributions.

Injury Awards are not now part of the Police Pension Fund Account and are met from the Police Authority budget.

### ▪ **Police Staff**

Humberside Police Authority is an admitted body to the East Riding Pension Fund, which is administered by the East Riding of Yorkshire Council.

Subject to certain qualifying criteria Support Staff are eligible to join the Local Government Pension Scheme.

The pension costs that are charged to the Accounts equals the contributions paid into the funded pension scheme for these employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

The Authority has fully adopted FRS 17 Retirements Benefits. The financial statements continue to reflect the commitment in the long term to increase any contributions to make up any shortfall in attributable net assets in the Pension Fund. Previously, liabilities in relation to retirement benefits were only recognised when employers' contributions became payable to the Pensions Fund or payments fell due to pensioners for which we were directly responsible.

# ANNUAL GOVERNANCE STATEMENT

This Statement sets out the position as at 29 June 2010 and incorporates information on 2009/10 and the Authority's plans for the financial years 2010/11 – 2014/15. The Statement has been prepared by the Joint Corporate Governance Forum in accordance with the review arrangements previously agreed.

<b>1</b>	<b>SCOPE OF RESPONSIBILITY</b>
<p>The Humberside Police Authority is responsible for ensuring its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to combination of economy, efficiency and effectiveness.</p> <p>In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the exercise of its functions and which includes arrangements for the management of risk.</p> <p>The Authority 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 on our website at <a href="http://www.humberside-pa.org.uk">www.humberside-pa.org.uk</a> or can be obtained from the Deputy Chief Executive and Treasurer. This Statement explains how the Authority has complied with the code and also meets the requirements of Regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.</p>	
<b>2</b>	<b>THE PURPOSE OF THE GOVERNANCE FRAMEWORK</b>
<p>The governance framework comprises the systems and processes for the direction and control of the Authority and its activities through which it accounts to and engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.</p> <p>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 Authority's policies and aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.</p> <p>The governance framework has been in place at the Humberside Police Authority for the year ended 31 March 2010 and up to the date of approval of the Statement of Accounts.</p>	
<b>3</b>	<b>THE GOVERNANCE FRAMEWORK</b>
<p>Although the Chief Officer is responsible for operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements for the governance of the Force, the Authority is required to hold him to account for the exercise of those functions and those of the persons under his direction and control. It therefore follows that the Authority must satisfy itself that the Force has appropriate mechanisms in place for the maintenance of good governance, and that these operate in practice.</p>	
<b>Identifying and communicating the Authority's vision of its purpose and intended outcomes for citizens and service users</b>	
<p>The Chief Constable has set out his mission for Humberside Police to deliver outstanding policing to all our communities last year and articulated the actions required to deliver it. The Police Authority developed its own identity approving its own mission statement that is complementary to that of the Force. A Corporate Plan for the Authority is in place with progress being reported to the Chairs' Coordination and Assurance Group and to the Human Resources Committee. The Force and the</p>	

Authority have continued to work closely together to ensure that the performance improvements achieved in recent years have been sustained with a focus on improving public confidence and on the Policing Pledge. The Force has continued to promote its improved performance through increased investment in communications, survey activity and through targeted initiatives to improve customer focus and with staff applying the good practice in improving the quality of service following force-wide Citizen Focus training.

The Force is one of only eight nationally to have received a good rating in relation to the Policing Pledge announced by the Home Secretary. The Police Authority has a Confidence Strategy in place and established a Citizens' Panel and has developed processes to increase engagement with hard to reach groups following extensive work to map local communities undertaken by the Engagement and Equalities Officer.

A Partnership Strategy is also in place within the Authority and during the year has continued to be the lead in the Region for Citizen Focus and Partnerships and the Chair of the Authority Chairs the APA's Regional Citizen Focus and Partnership Policy Network and is the Vice Chair of the National Network and is a member of the APA Board. The ACC (Operations) is the national ACPO lead for the Policing Pledge which is a key part of the Citizen Focus agenda and the Consultation and Partnership Officer has developed national guidance for the APA in connection with the Policing Pledge.

The vision and strategic objectives have remained at the heart of the Authority's business planning and decision making processes. Target setting has continued to be refined. In force, the emphasis on performance has continued through the DCC's Conference meetings and Divisional and Branch Challenge meetings. Work has continued between the Force and the Authority and other partners on the shared ownership of our performance objectives. Joint working at a local level with LSPs and CSPs in particular has ensured that Local Area Agreement targets are identified alongside Force performance. At the Regional level Humberside has provided direct support in respect of the development of a performance management framework for Protective Services.

The Joint Police Authorities' Committee (JPAC) has approved a Regional Efficiency and Productivity Strategy that is supported by all four constituent authorities. Consultants have been engaged to develop an implementation plan.

#### **Reviewing the Authority's vision and its implications for the Authority's Governance arrangements**

The vision for Humberside Police remains the "delivery of outstanding policing" and the Police Authority complements this through its vision of "securing outstanding policing".

The Police Authority has reviewed its Corporate Plan after having considered the national, regional and local contexts particularly in relation to the challenging political and financial landscape and the Government's expectations and scrutiny of police authorities, the prominence of regional collaboration and the drive for greater localism placing local people at the heart of Policing.

The authority considers the Governance implications of its actions to ensure that they are consistent with the principles of the CIPFA / SOLACE Framework – "Delivering Good Governance in Local Government" and guidance for the Police Service.

#### **Measuring the quality of services for users, for ensuring they are delivered in accordance with the Authority's objectives and for ensuring that they represent the best use of resources**

The Force and Police Authority have increased the emphasis on Citizen Focus issues and improving the quality of service to communities in response to the Policing Pledge and the requirement to address the single confidence target. Investment has continued in Citizen Focus and Neighbourhood Policing initiatives. The Force has continued to work hard to analyse and improve service quality, for example, a Service Recovery Function within each Division's Public Service centre has been established to address Pledge 10. The Authority is also sighted directly and through its involvement with the APA's Regional and National Citizen Focus and Partnership on the work being carried out by the Home Office, ACPO and the APA in relation to the development of the "route map" on confidence. The Authority's Confidence Strategy is being reviewed to incorporate the "route map" and this will be considered by the Communities and Partnerships Committee.

Work on MAVEN surveys conducted with victims of crime, supervisor ring backs has continued and the

Force has built upon its extensive programme of Citizen Focus training carried out during 2008/09.

The Authority has continued its established community engagement activities supplemented by an externally facilitated citizen panel. Initial panel surveys have been undertaken with results being fed into the annual Priorities Workshop. The annual "mystery shopper" exercise was carried out during the year utilising the services of the Local Criminal Justice Board.

Further work is also being undertaken on a pilot "Customer Insight" project within the area cover by the East Riding of Yorkshire Council using citizen profiles based on a combination of public and private sector data.

**Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer function, with clear delegation arrangements and protocols for effective communication**

The financial regulations, standing orders and scheme of delegation define the roles of the statutory officers and chief officers. Role profiles for members of the Authority are in place and have recently been updated to take account of proposals for lead member issues and raised scrutiny requirements. Committee members have visited Force operational units and carried out reality checks. The Authority has maintained its involvement in the internal working arrangements of the Force with selective representation on Force Boards and with regular attendance by both officers and members at meetings of relevant working groups as well as at Division and Branch challenge meetings. The Authority and the Force continue to be represented at CSP (CDRPs) and LSP level and activity has increased with the LCJB and has also continued to engage in the structures created to oversee the Every Child Matters agenda.

During the year members have participated in a series of development days and have also been fully engaged in self assessment process ahead of the HMIC/Audit Commission Inspection carried out in March 2010.

**Developing, communicating and embedding codes of conduct defining standards of behaviour for members and staff**

All Members of the Authority have signed up to the Code of Conduct for members; an officer code is also in place. Members have role profiles and there are protocols in relation to member and officer relations. The Authority has continued to invest in member and officer training. Training on standards issues has been held in conjunction with the Standards Committee. Joint working on professional standards with Regional colleagues has continued and there is close co-operation with the other JPAC authorities in relation to Standards Committees. The Force and the Authority have maintained strong working relationships with the IPCC.

Humberside, together with the other police authorities in the Yorkshire and Humber Region has access to information on local authority standards issues via their membership of Local Government Yorkshire and Humber.

The Human Resources Committee has overseen Force Professional Standards issues, including the activities of the Anti Corruption Unit. Protocols have been established in relation to the Authority's Anti Fraud and Corruption Strategy and Fraud Response Plan agreed in March 2009 in respect of the activities of this Unit, the Police Authority Treasurer and the Head of Audit and Risk Management.

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

Following the comprehensive review of all aspects of its Code of Corporate Governance undertaken in 2007/08, a review of the Financial Regulations has been undertaken resulting in minor recommendations for changes to the procurement rules. A Financial Management Guide is in place Practice Directions within the Force are being risk assessed and reviewed on a cyclical basis. Financial Instructions in relation to regional working incorporated into the Financial Regulations and are in the process of being reviewed.

Governance of the financial affairs of JPAC falls with WYPA's governance arrangements as it acts as the lead on finance. Heads of Agreement in respect of JPAC activity are also in place.

**Ensuring that the Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government**

The principles outlined in the CIPFA Statement on the role of Chief Financial Officer in Local Government (2010) have been compiled with.

**Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committee – Practical Guidance for Local Authorities**

The Finance Committee's terms of reference specifically incorporate all of the functions of an Audit Committee identified within CIPFA Guidance. The work of the Committee is planned to ensure that these functions were recognised and undertaken during the course of the financial year.

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

The Chief Executive is the Monitoring Officer and has the responsibility of ensuring compliance with relevant laws and regulations and the Treasurer has the responsibility for ensuring that expenditure is lawful. The Authority has entered into arrangements with the South Yorkshire Joint Secretariat for the provision of legal advice. The Joint Secretariat also provides services to NYPA under similar arrangements. The Force has its own legal advice through the Head of Legal Services. Both the Force and the Authority have access to counsel's advice should this be required and there are examples of counsel's opinion being sought.

The introduction of a standard template now requires legal implications to be considered in all committee reports. Internal Audit services have continued to be provided by the North Lincolnshire Council

The Assessment and Review Unit within the Force carry our regular audit and inspection of compliance with internal policies and procedures and these can also be the subject of Internal Audit scrutiny. Reports are considered by the Force Audit Board and summary information on all audit activity is considered at each meeting of the Finance Committee.

**Whistle blowing for receiving and investigating complaints from the public and handling citizen's concerns and other redress**

The Authority's Anti-Corruption Strategy and Fraud Response Plan sets out the arrangements for whistle blowing and include the use of "Bad Apple" software is well promoted. This can be used for confidential reporting and two way communication with informants.

The arrangements for complaints are well established with the Force Professional Standards Branch reporting details to each Human Resources Committee including the work of the Anti-Corruption Unit which carries out covert internal investigations.

The Police Authority deals directly with complaints in respect of officers of ACPO rank.

Partnership activity is underway to bring agencies together to develop common standards in relation to anti fraud and corruption and to share intelligence and good practice.

**Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training**

The Force has a PDR process which includes a review of individual training requirements which are integrated into the development section of the PDR. A client-led commissioning Workforce Development Oversight Board is in operation.

The Police Authority has its own PDR process in place and a training and development plan has been agreed. Members of the Standards Committee have undertaken Member appraisals.

During the year the Authority has held a number of "development days" for members to develop the Corporate Plan and associated business plans. In addition a series of briefing sessions were provided in connection with the inspection of the Authority in March.

Training has been undertaken on a range of initiatives including standards, risk management, performance management and complaints. A mentoring scheme for new members has been

developed. The Authority has been engaged in the development of the APA's Member Induction Scheme and in developing guidance for authorities in respect of scrutiny of the Policing Pledge.

The Authority has lead on producing a Regional Member Development Strategy drawn up with financial support from the Regional Improvement and Efficiency Partnership (RIEP) that has been agreed and is in the process of being implemented.

**Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation**

The Force and the Authority continued with its established network of community meetings which are used for both consultation and communication. These arrangements will be reviewed following the recent Policing White Paper. Local crime mapping information is available on the Force website with links from the Police Authority's site.

Partnership and Confidence Strategies are in place within the Authority. The Authority is engaged in the activities of all of the LSPs in the Force area and plays an active role in all aspects of the work of the four CSPs. The Authority has continued to improve links with the business community and a series of meetings involving the Humber Chamber of Commerce, the Federation of Small Businesses and individual businesses is underway. The Authority is now using its citizen panel as well as opportunities such as the leaflet distributed with Council Tax bills to canvass local opinion and took part once again in the budget conferences arranged by the East Riding of Yorkshire Council. Feedback from all of this activity has been reported to the Communities and Partnership Committee and was fed into the annual Priorities Workshop.

The Authority has supported the Force in its survey activities and with marketing and communications campaigns to seek to ensure that the sustained performance improvements are widely publicised.

Following the appointment of the Engagement and Equalities Officer a detailed mapping exercise has been undertaken to map local communities to identify hard to reach groups and establish local contacts within local communities. This has been followed up with a number of meetings and presentations.

The Authority has invested in updating its website and in facilities to improve accessibility.

The Force and the Authority have supported the "Customer Insight" pilot project being undertaken by the East Riding of Yorkshire Council LSP. This is a RIEP sponsored initiative which blends information from a range of sources to enable partners to improve community mapping to target communication, consultation and engagement activities more effectively. If successful, it has the capacity to be rolled out across the sub-Region.

**Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the Authority's overall governance arrangements.**

The Authority's Partnership Strategy identifies key partners and levels of representation and provides a basis for structured engagement in local partnership activities.

Relationships have continued to be developed and refined with further examples of productive joint working with CSPs, LSPs and other partners on both projects and policy issues e.g. the "green flag" in the Comprehensive Area Assessment for the East Riding of Yorkshire LSP's Resource Advisory Group in which the Force and the Authority have been active participants.

The Partnership Reserve created has been used to provide continued support for projects that time expired at 31 March 2008 to reduce the impact of the loss of funding to support partnership working due to changes in external funding regimes. Consideration is continuing to be given to the best use of the balance of the available funding to support the implementation of the Partnership Strategy and to pump prime joint initiatives with CDRPs and other partnerships.

The work of JPAC has continued to grow with additional investment in further Regional operational policing activity. The governance arrangements established in 2008/09 have continued with JPAC supported by a Regional Programme Board comprising of the Police Authority Chairs, Chief Constables and Chief Executives now re-named the Regional Collaboration Board. A lead officer at Deputy Chief

Constable level has been appointed with responsibility for Regional policing activity. Lead authority and force arrangements are in place for individual projects and functions. For example, WYP /WYPA leads on finance, SYP/SYPA on employment issues and HP/HPA have taken responsibility for property matters. A Regional Efficiency and Productivity Strategy has been approved and a Regional Working Group has been established comprising representatives from the Forces and Authorities to progress its implementation.

#### **4 FINANCIAL MANAGEMENT ARRANGEMENTS**

The Deputy Chief Executive and Treasurer, has certain statutory obligations and the Chief Executive has a specific monitoring role. Within the terms of the policy framework determined by the Police Authority, financial management within the Force should be delegated as far as possible to the Chief Constable. The Force itself has a system of devolved financial management to local divisional commanders and branch managers.

The Treasurer has statutory duties that provide overall responsibility for the financial administration and is professional adviser to the Authority on financial matters.

The Assistant Chief Officer (Support) who is part of the Force's senior management team, is responsible to the Chief Constable for all financial activities undertaken within the Force or contracted out under the supervision of the Force.

The Treasurer and the Assistant Chief Officer (Support) are responsible for interpreting the financial regulations of the Authority so as to ensure the efficient and effective operation of services.

#### **5 REVIEW OF EFFECTIVENESS**

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including its system of internal control. The review of the effectiveness is informed by the work of the senior officers within the Force and the Authority who have the responsibility for the development and maintenance of the governance environment, the annual report of the Head of Audit and Risk Management and also comments made by external auditors and other review agencies and inspectorates.

##### The Authority

The Authority has overall responsibility for the maintenance and review of the Corporate Governance arrangements within the force and the Authority. This role is carried out in conjunction with the Force in order to ensure that robust governance arrangements are in place. The Joint Corporate Governance Forum consisting of officers from the Authority and the Force review the Corporate Governance arrangements assessing and monitoring the code of Corporate Governance, internal audit and internal control arrangements and the production of the Annual Governance Statement.

##### Senior Officers

Senior Officers provide assurances regarding their activities and responsibilities in implementing and maintaining the system of internal control operating within the Force and Authority.

##### The Finance Committee

The Authority's Finance Committee has carried out the functions of an audit committee throughout the year and at its meeting on 18 May 2010 considered and accepted the findings of a review of the internal audit service provided by the North Lincolnshire Council. This Committee has also received regular reports throughout the year on the work of the Force's Assessment and Review Unit and the work of the Force Audit Board that brings together all aspects of audit and pre-inspection activity.

##### The Standards Committee

The Standards Committee has met twice during the year to consider the Standards Committee Regulations 2009, the Members Allowances Scheme, the Register of Interests, the Corporate Plan and the potential for involvement in wider governance issues. No complaints were received during the year.

##### The Treasurer

The Treasurer is responsible for the financial administration of the Authority and has the roles and responsibilities detailed in Financial Regulations.

#### Internal Audit

On 18 May 2010, the Finance Committee received the annual report from the Head of Audit and Risk Management that the level of audit coverage during the year is considered sufficient to be able to offer an opinion on the overall adequacy and effectiveness of the organisation's control environment and that based on her knowledge of the Authority's systems and procedures, the extent of work undertaken by Internal Audit, and as a result of the responses to recommendations contained in Action Plans for 2009/10, the overall assessment is that Internal Audit can provide reasonable assurance that Humberside Police Authority has adequate control and governance arrangements in place. It must be acknowledged however that this statement is given to provide reasonable and not absolute assurance of the effectiveness of the system of control.

#### Other review and assurance mechanisms

Whilst there is no longer a formal requirement for a statement of internal control, the arrangement for the production of a statement, which has become embedded has continued and is available to support this Governance Statement. Once again, this takes the form of seeking assurance statements completed by all senior managers who have the responsibility for the development and maintenance of the governance environment and implementing the system of internal control within the Authority. Governance issues arising from this exercise are set out below.

#### Police Authority Inspection

The Police Authority was inspected by HMIC/Audit Commission during week commencing 22 March 2010. In preparation for the inspection the Authority carried out an extensive and inclusive self assessment exercise and that documentation supports the issues set out in this Statement. The inspection report was published on 24 June 2010 and the Authority will address area for improvement identified within it during the course of 2010/11.

#### Audit Commission – Use of Resources

The Audit Commission gave the Authority a score of "2", performing adequately in respect of the 2008/09 Use of Resources assessment, but raised concerns over the arrangements in relation to planning for financial health which impacted on the value for money opinion in respect of the 2008/09 accounts. The main concern related to budget monitoring arrangements. Action has been taken during the year to continue to develop and refine budget monitoring during 2010 in line with the proposals recommended as part of last years Annual Governance Statement. Other issues identified in 2008/09 have also been addressed. The outcomes of this activity will be judged as part of the 2009/10 Use of Resources assessment process. Revised arrangements have been introduced with regard to the 2009/10 process and comprehensive documentation has been provided to the Audit Commission. This information also supports this Statement. The Authority has been notified that the Use of Resources assessments will not be scored for 2009/10 but the work undertaken will be taken into account when the District Auditor provides his opinions on the Accounts.

#### HMIC Inspections

The Force's Assessment and Review Unit has a dedicated HMIC Liaison Officer and assists with preparations for inspections. Where appropriate the results of inspections are reported to the Authority and the Force Audit Board oversees the implementation of recommendations and provides summary information to the Finance Committee.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Joint Corporate Governance Forum, the opinion on the system of internal control provided by Internal Audit, performance challenges and other review activities and plan to address weaknesses and ensure continuous improvement of the system is in place.

### **6 SIGNIFICANT GOVERNANCE ISSUES**

In support of the delivery of the Authority's and Force's vision and strategic plans a number of issues have been identified which are already being focused on and merit mention here. The key areas for improvement include: risk management, value for money, budget issues, partnerships and ISIS.

#### Risk Management

Whilst significant progress has been recognised to have been made in developing the Risk Management arrangements within the Force and the Authority, further areas for improvement have been identified in

relation to reporting, consistency, costing of risk and in the need to continue to embed Risk Management in all aspects of the work of the Authority.

Value for Money

The Force and the Authority are in the process of bringing together all aspects of activity in what is currently a very crowded landscape in relation to Value for Money Nationally, Regional and locally with the development of a comprehensive Value for Money Strategy.

Budget Issues

The Force and the Authority are in the process of responding to the implications of the unprecedented financial and political uncertainty to ensure that its financial plans remain realistic and achievable. This work will include the implementation and oversight of all aspects of the Choices Programme.

Partnerships

The Force and the Authority have identified the need to continue to develop relationships with local partners in order to be able to manage expectations against the backdrop the financial and political uncertainty referred to above and emerging issues relating to the Total Place agenda.

Information Systems Improvement Strategy (ISIS)

The Force and the Authority will have to respond to the changing nature of ISIS with regard to IS/IT. This impacts at both local and regional level, particularly in relation to the use of the Programme to generate financial savings.

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

Signed on behalf of the members and senior officers of the Humberside Police Authority and Humberside Police Force

[Name]

[Name]

Chair of Humberside Police Authority

Chief Constable of Humberside Police

[Name]

Chief Executive of Humberside Police Authority

## INCOME AND EXPENDITURE ACCOUNT

The Income and Expenditure Account (I & E Account) summarises the resources that have been generated and consumed in providing services and managing the Authority during the last year. The format shown meets the requirements of the 2010 BVACOP (Best Value Accounting Code of Practice).

It includes all day to day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

2008-09 Net Expenditure Restated £'000	See Notes	Gross Expenditure £'000	2009-10 Net Income £'000	Net Expenditure £'000
113,388	Local Policing	122,145	(14,223)	107,922
15,592	Dealing with the Public	15,865	-	15,865
12,726	Criminal Justice Arrangements	14,028	(1,443)	12,585
6,868	Road Policing	12,137	(2,856)	9,281
11,269	Specialist Operations	11,081	(135)	10,945
3,108	Intelligence	3,093	(49)	3,044
13,947	Specialist Investigation	15,442	(1,265)	14,178
7,086	Investigative Support	8,134	(260)	7,874
1,292	National Policing	1,986	(1,012)	974
<b>185,277</b>	<b>Total Policing Services</b>	<b>203,912</b>	<b>(21,243)</b>	<b>182,669</b>
1,499	The Corporate and Democratic Core	1,666		1,666
1,475	Non Distributed Cost	129		129
<b>188,251</b>	<b>Net Cost of Service</b>	<b>205,707</b>	<b>(21,243)</b>	<b>184,464</b>
237	Loss on the Disposal of Fixed Assets	566	-	566
647	Interest Payable & Similar Charges	525		525
(2,582)	Interest and Investment Income		(778)	(778)
2,035	Impairment of Financial Assets		(435)	(435)
(12,380)	Police Pension Top-up Grant Receivable		(14,152)	(14,152)
70,858	Pensions Interest Cost & Expected Returns on Pensions Assets	67,861		67,861
<b>247,066</b>	<b>Net Operating Expenditure</b>	<b>274,659</b>	<b>(36,608)</b>	<b>238,051</b>
(44,697)	Council Tax Payers			(46,796)
(76,892)	General Government Grants			(82,752)
(51,794)	Non-Domestic Rate Income			(49,037)
<b>73,683</b>	<b>Deficit for the Year</b>			<b>59,466</b>

HumberSide Police Authority did not acquire or discontinue any operations during 2009/10.

## STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

The Income and Expenditure Account above shows the Authority's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the authority is required to raise Council Tax on a different accounting basis. The main differences are that when determining the amounts to be met by the Council Tax:-

- Capital investment is accounted for as it is financed, rather than when fixed assets are consumed;
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The Statement of Movement on the General Fund Balance (SMIGFB) below compares the Authority's spending against the Council Tax that it raised for the year, taking into account the use of reserves built up in the past and the contributions to reserves, earmarked for future expenditure.

This Statement reconciles and summarises the differences between the deficit on the Income and Expenditure Account and the General Fund Balance (see Note 17).

<b>2008-09</b>		<b>2009-10</b>
<b>Restated</b>		
<b>£'000</b>		<b>£'000</b>
73,683	Deficit for the year on the Income and Expenditure Account	59,466
(73,839)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General fund Balance for the year	(59,635)
<u>(156)</u>	(Increase)/Decrease in General Fund Balance for the year	<u>(169)</u>
<u>(5,026)</u>	General Fund Balance Brought Forward	<u>(5,182)</u>
<u>(5,182)</u>	General Fund Balance Carried Forward	<u>(5,351)</u>

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

This Statement brings together all the gains and losses of the authority for the year and shows the aggregate decrease in its net worth. In addition to the deficit generated on the Income and Expenditure Account, it includes gains including the revaluation of fixed assets and the re-measurement of the net liability to cover the cost of retirement benefits.

FRS 3 Reporting Financial Performance requires the Statement of Total Recognised Gains and Losses (STRGL) to be shown with the same prominence as other primary statements.

<b>2008-09</b>		<b>2009-10</b>
<b>Restated</b>		
<b>£'000</b>		<b>£'000</b>
74,035	Deficit for the Year on the Income and Expenditure Account	59,466
(2,254)	Surplus Arising on the Revaluation of Fixed Assets	(5,877)
(110,498)	Actuarial (Gains)/Losses on the Pension Fund Assets and Liabilities	472,191
<u>(38,717)</u>	Total Recognised (Gains)/Losses for the Year	<u>525,779</u>

The cumulative net impact of prior period adjustments were £593k.

# BALANCE SHEET

2008-09 Restated £'000	Notes	Notes	As at 31st March 2010	
£'000	Notes	Notes	£'000	£'000
				<b>FIXED ASSETS</b>
636		20.		539
				<b>INTANGIBLE ASSETS</b>
				<b>NET TANGIBLE FIXED ASSETS</b>
		19.&21.		<b>OPERATIONAL ASSETS</b>
34,155			36,457	
575			365	
14,292			15,197	
<u>49,022</u>				<u>52,019</u>
		19.&21.		<b>NON - OPERATIONAL ASSETS</b>
10				3,789
572				0
5				295
50,245				56,642
				<b>TOTAL NET FIXED ASSETS</b>
3		23.		2
				<b>LONG-TERM DEBTORS</b>
				<b>CURRENT ASSETS</b>
599		24.	567	
4,523		25	4,679	
8,826	1.	25	7,538	
120			359	
28,173			18,333	
<u>42,241</u>				<u>31,476</u>
<u>92,489</u>				<u>88,120</u>
				<b>TOTAL ASSETS</b>
1,583		26.	1,339	
10,420	1.	26.	9,807	
2,586			2,306	
592		27.	594	
15,181				14,046
<u>77,308</u>				<u>74,074</u>
				<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>
				<b>LONG TERM LIABILITIES</b>
1,545		28.	665	
8,781		29.	8,187	
5,492		30.	5,269	
987,507		37.	1,511,750	
<u>1,003,325</u>				<u>1,525,871</u>
<u>(926,017)</u>				<u>(1,451,797)</u>
				<b>TOTAL ASSETS LESS LIABILITIES</b>
				<b>FINANCED BY :</b>
31,892		31.		28,970
654		31.		335
1,400		31.		1,800
5,182		31.		5,351
20,084		31.		14,551
3,522		31.		9,377
(987,507)		31.		(1,511,750)
(1,837)		31.		(1,194)
593	1.	31.		763
<u>(926,017)</u>				<u>(1,451,797)</u>
				<b>TOTAL NET WORTH</b>

## CASH FLOW STATEMENT

This Statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. Cash is defined for this purpose of this Statement, as cash in hand and deposits repayable on demand less overdrafts repayable on demand.

<u>2008-09</u>		<u>2009-10</u>		
£'000		£'000	£'000	£'000
	<b>Revenue Activities</b>			
6,053	<b>Net Cash Flow from Revenue Activities</b>			1,941
	<b>Returns on Investment and Servicing of Finance</b>			
	<b>Cash Outflow</b>			
648	Interest Paid		525	
	<b>Cash Inflows</b>			
<u>(2,605)</u>	Interest Received		<u>(1,425)</u>	
(1,957)	<b>Net Cash Flow from Servicing Finance</b>			(900)
	<b>Capital Activities</b>			
	<b>Cash Outflow</b>			
8,687	Purchase of Fixed Assets		8,988	
	<b>Cash Inflows</b>			
(395)	Sale of Fixed Assets		0	
(2,164)	Capital Grant Received		(2,164)	
<u>6,128</u>	<b>Net Cash Flow from Capital Activities</b>			<u>6,824</u>
10,224	<b>Net Cash In Flow/Outflow Before Financing</b>			7,865
	<b>Management of Liquid Resources</b>			
(13,580)	Net (Decrease) in Short Term Deposits			(6,374)
	<b>Financing</b>			
	<b>Cash Outflow</b>			
591	Repayments of Amounts Borrowed		591	
	<b>Cash Inflows</b>			
0	New Loans Raised		0	
<u>591</u>	<b>Net Cash Flow from Financing</b>			<u>591</u>
<u>(2,765)</u>	<b>Net Increase/(Decrease) In Cash</b>			<u>2,082</u>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 1. PRIOR PERIOD ADJUSTMENT

The 2009 SoRP introduces a change in accounting policy for billing and precepting authorities regarding the collection and distribution of Council Tax Receipts.

This change in policy results in adjustments to the 2008-09 comparatives (as restated below). The 2009-10 figures have been included below to aid comparison.

	2008-09	2008-09 Restated	2009-10
	£'000	£'000	£'000
<u>I&amp;E Account</u>			
Income from Council Tax Payers	(44,589)	(44,697)	(46,312)
<u>SMIGFB</u>			
Collection Fund Adjustment	-	108	170
<u>Balance Sheet</u>			
Debtors	8,602	8,826	7,538
Creditors	(10,789)	(10,420)	(9,807)
Collection Fund Adjustment Account	-	593	763

There is no impact on the Cashflow Statement as this is completed on a cash received basis. The 2009 SoRP negates any impact on the Collection Fund by adjusting the Statement of General Fund Balance and setting up a Collection Fund Adjustment Account on the Balance Sheet.

### 2. SUMMARY SPENDING DETAILS

Expenditure		Expenditure
2008-09		2009-10
£'000	<u>Employees</u>	£'000
142,023	Pay and Other Employment Costs	145,124
24,000	Police Pensions Current Service Cost	19,300
<u>166,023</u>		<u>164,424</u>
	<u>Running Expenses</u>	
5,736	Premises	5,930
6,018	Transport	5,863
17,368	Supplies and Services	18,328
2,086	Agency Services*	2,465
426	Special Constables	338
6,715	Capital Charges & Impairment of Assets	8,230
1,475	Non Distributable Cost	129
<u>39,824</u>		<u>41,284</u>
<u>205,847</u>	<b>Total Expenditure</b>	<u>205,707</u>
<u>(17,596)</u>	Income	<u>(21,243)</u>
<u>188,251</u>	<b>Net Spending after Income</b>	<u>184,464</u>

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

### 3. PENSION INCOME & EXPENDITURE ACCOUNT

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

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

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

	Local Government		Police Pension Schemes					
	Pension Scheme		1%		9.5%		Injury Awards	
	31March	31March	31March	31March	31March	31March	31March	31March
	2010	2009	2010	2009	2010	2009	2010	2009
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income and Expenditure Account</b>								
Net Cost of Service								
Current Service Cost (Gross)	3,507	3,765	18,450	22,900	850	1,100		
Non Distributed Costs	59	1,175					70	300
	<u>3,566</u>	<u>4,940</u>	<u>18,450</u>	<u>22,900</u>	<u>850</u>	<u>1,100</u>	<u>70</u>	<u>300</u>
Net Operating Expenditure								
Interest Cost	5,885	5,842	65,000	69,380	410	370	600	650
Expected Return on Assets in the Scheme	(4,034)	(5,384)						
	<u>1,851</u>	<u>458</u>	<u>65,000</u>	<u>69,380</u>	<u>410</u>	<u>370</u>	<u>600</u>	<u>650</u>
Net Charge to the Income and Expenditure Account	<u>5,417</u>	<u>5,398</u>	<u>83,450</u>	<u>92,280</u>	<u>1,260</u>	<u>1,470</u>	<u>670</u>	<u>950</u>
<b>Statement of Movement in the General Fund Balance</b>								
Reversal of Net Charges made for Retirement								
Benefits in Accordance with FRS 17	(5,417)	(5,398)	(83,450)	(92,280)	(1,260)	(1,470)	(670)	(950)
<b>Actual amount charged against the General Fund Balance for Pensions in the Year:</b>								
Employer's Contributions Payable to Scheme	<u>6,285</u>	<u>5,524</u>	<u>16,930</u>	<u>17,120</u>	<u>1,092</u>	<u>989</u>		-
Retirement Benefits Payable to Pensioners (Gross)		-		-		-	565	570

#### 4. CAPITAL CHARGES

The amount shown in Note 2 relates to depreciation of fixed assets and grants used in the funding of fixed assets (capital), amortised over the life of the assets funded by the grant. The depreciation amount of £3,618k is included within the Capital Charges & Impairment of Assets.

2008-09 £'000		2009-10 £'000
3,576	Depreciation	3,618
(2,582)	Transfer from Capital Grant Deferred Account	(2,387)
994		1,231

#### 5. OPERATING LEASES

The authority has no finance leases, but has a number of operating leases (see the glossary of accounting terms for a definition of lease types).

2008-09 £'000		2009-10 £'000	2010-11+ £'000	
			Amounts Due up to 5 years	Remainder Due Over 5 years
				Term Left on Lease
	<u>Vehicles</u>			
294	Helicopter	294	1,470	5 years
	<u>Buildings</u>			
63	Lairgate, Beverley	58	117	2 years
28	D Division Property Store, Hull	28	83	3 years
39	Disclosure Unit, Hessle	39	116	3 years
43	Winn House, Beverley	43	213	256 11 years
80	Derringham Street, Hull	80	320	4 years
32	Vehicle Shop, George Street, Hull	32		See below*
55	Humberside Airport, Kirmington	55	275	825 20 years
50	Layorthorpe Road, Hull	50	200	4 years
46	Thorpepark, Leeds **	93	279	3 years
	Bridgeview Units, Hessle ***	134	670	536 9 years
82	Other	88	134	
812		994	3,877	1,617

\* Lease being re-negotiated

\*\*Regional Working - Humberside Police is the lead authority for the Yorkshire region for property matters and have entered into this lease. The other Police Authorities: West Yorkshire, South Yorkshire and North Yorkshire have agreed to share in the costs and other obligations relating to the lease. The other Authorities have identified this as a Contingent Liability in their accounts.

Expenditure is reflected in the total costs reported by West Yorkshire Police Authority.

\*\*\* Additional Lease added in 2009-10. Leases for the units came with a cash back payment, this has been reflected in the lease amounts spread over the period of the lease

## 6. (GAIN)/LOSS ON THE DISPOSAL OF FIXED ASSETS

2008-09 £'000		2009-10 £'000		
		Net Book Value	Receipt	Total
(122)	Buildings	0	0	0
0	Vehicles	0	0	0
<u>(122)</u>	<b>Gain from the Sale of Fixed Assets</b>	<u>0</u>	<u>0</u>	<u>0</u>
0	Buildings	0	0	0
307	Vehicles	357	0	357
8	Printing Equipment	0	0	0
44	Communications Equipment	185	0	185
0	I.T. Equipment	24	0	24
<u>359</u>	<b>Loss on the Sale of Fixed Assets Sold</b>	<u>566</u>	<u>0</u>	<u>566</u>
<u>237</u>	<b>(Gain) / Loss on the Sale of Fixed Assets</b>	<u>566</u>	<u>0</u>	<u>566</u>

The Income and Expenditure Account includes an amount of £192k revenue income in respect of vehicles sold during 2009-10 (£126k during 2008-9). Income from the sale of fixed assets with a value of less than the de minimis limit of £10k is not classed as a capital receipt, and is excluded from the calculation of gains and losses on the Disposal of Fixed Assets.

## 7. POLICE AUTHORITY

Police Authority expenditure is included in the Income and Expenditure Account within corporate and democratic core costs.

2008-09 £'000		2009-10 £'000
225	Members Allowances	236
558	Support Staff	650
36	Premises	32
11	Transport	19
384	Supplies and Services	431
12	ACPO Subscription	12
147	Third Party Payments	129
<u>(0)</u>	Fees & Charges and Other Income	<u>(1)</u>
<u>1,373</u>		<u>1,508</u>

## 8. OFFICER'S EMOLUMENTS

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

2008-09		Remuneration band £	2009-10		
£'000	£'000		£'000	£'000	£'000
As per Accounts No.s	Restated No.s		Police Officers No.s	Support Staff No.s	Total No.s
59	132	50,000 - 54,999	128	7	135
8	54	55,000 - 59,999	71	2	73
9	10	60,000 - 64,999	7	1	8
11	7	65,000 - 69,999	7	3	10
6	7	70,000 - 74,999	4	1	5
2	10	75,000 - 79,999	10	2	12
-	2	80,000 - 84,999	3	1	4
1	-	85,000 - 89,999	1	-	1
2	2	90,000 - 94,999	-	-	-
1	1	95,000 - 99,999	1	-	1
-	1	100,000 - 104,999	-	2	2
-	-	105,000 - 109,999	1	-	1
-	-	110,000 - 114,999	-	-	-
-	-	115,000 - 119,999	1	-	1
-	-	120,000 - 124,999	-	-	-
1	-	125,000 - 129,999	-	-	-
1	1	130,000 - 134,999	-	-	-
-	1	135,000 - 139,999	-	-	-
-	-	140,000 - 144,999	1	-	1
<b>101</b>	<b>228</b>		<b>235</b>	<b>19</b>	<b>254</b>

The Officers disclosed separately in Note 9 are included in the bands above. The original figures shown in the Accounts for 2008-09 did not include overtime and other emoluments. This information has been restated to provide comparable information to that shown for 2009-10

## 9. SENIOR OFFICERS & RELEVANT POLICE OFFICERS EMOLUMENTS

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

Post Holder	Salary (Including Fees & Allowances) £'000	Compensatory Grant £'000	2009 - 2010		Total Remuneration including Pension Contributions £'000
			Total Remuneration excluding Pension Contributions £'000	Pension Contributions £'000	
Chief Constable	140	4	144	34	178
Deputy Chief Constable	117	0	117	28	145
Assistant Chief Constable	106	0	106	26	132
Assistant Chief Constable	98	0	98	24	122
Assistant Chief Officer	102	0	102	18	120
Assistant Chief Officer	102	0	102	18	120
Chief Executive	85	0	85	15	100
Deputy Chief Executive & Treasurer	74	0	74	13	87
	<b>824</b>	<b>4</b>	<b>828</b>	<b>176</b>	<b>1,004</b>

  

Post Holder	Note	Salary (Including Fees & Allowances) £'000	Compensatory Grant £'000	2008 - 2009		Total Remuneration including Pension Contributions £'000
				Total Remuneration excluding Pension Contributions £'000	Pension Contributions £'000	
Chief Constable		132	4	136	33	169
Deputy Chief Constable		102	0	102	25	127
Assistant Chief Constable		95	0	95	23	118
Assistant Chief Constable (Part Year)	1	82	0	82	20	102
Assistant Chief Constable (Part Year)	1	9	0	9	18	27
Assistant Chief Constable (Seconded to NPIA)	2	134	0	134	32	166
Assistant Chief Officer		90	0	90	22	112
Assistant Chief Officer		92	0	92	22	114
Chief Executive		75	0	75	15	90
Deputy Chief Executive & Treasurer		70	0	70	12	82
		<b>881</b>	<b>4</b>	<b>885</b>	<b>222</b>	<b>1,107</b>

Note 1: The Assistant Chief Constable post was covered by two Officers during 2008/09

Note 2: The Assistant Chief Constable was seconded to and paid for by the NPIA and operated at Deputy Chief Constable level  
No bonuses were paid to Senior Officers during 2009/10 or 2008/09

## 10. RELATED PARTY TRANSACTIONS

In accordance with the reporting requirements of FRS 8, the Authority is required to disclose details of any transactions involving members and senior officers of the Authority.

A number of members on the Police Authority are also members of the four Unitary Councils, covering the Humberside Police area as stated below:

Stephen Beasant – North East Lincolnshire Council

John Black – Hull City Council

Arthur Bunyan – North Lincolnshire Council

Stephen Hull – Hull City Council

Jawaid Ishaq – North Lincolnshire Council

Chris Matthews – East Riding of Yorkshire Council

John Parsons – East Riding of Yorkshire Council

David Rudd - East Riding of Yorkshire Council

Yvonne Uzzell – Hull City Council

The Chief Executive of the Humberside Association of Neighbourhood Watch Groups (HANWAG) was the Chair of the Police Authority. During 2009-10 the Police Authority provided funding to HANWAG, relating to the SLA (Service Level Agreement) of £98k (£96k during 2008-9). Premises were hired from HANWAG at the cost of £2k (£44k during 2008-9) and Rents of £16k (zero during 2008-9) were paid.

There are direct relationships between the Police Authority and a number of central and local government organisations, the main ones being the Home Office (Police Grant), the Department of Communities and Local Government (DCLG) (Revenue Support Grant and National Non Domestic Rates) and the four Unitary Authorities (Precepts). These are disclosed elsewhere in the statement of accounts.

Except for those mentioned above, none of the members of the Authority, Chief/Senior Officers or parties related to them have undertaken any material transactions with Humberside Police Authority.

## 11. ADDITIONAL GRANTS

In 2009-10 additional grants were received from numerous bodies, and are included as part of total income. Details of those that are £10k and above are shown below:

	2009-10 £		2009-10 £
		b/fwd	<u>13,536,716</u>
Community Police Support Officers (Home Office)	4,636,904	Casa Suite (Sexual Assault Referral Centre) (Home Office)	21,099
Crime Fighting Fund (Home Office)	3,962,530	Anti-social Behaviour Project (Hull City Council)	20,290
Safety Camera Project (East Riding of Yorkshire Council)	1,271,343	Family Intervention Project Research (Hull City Council)	20,069
Criminal Justice Intervention Programme (Home Office)	739,670	Multi agency Risk Assessment Conference (North East Lincolnshire Council)	15,464
National Police Improvement Agency Mobile Data Project (West Yorkshire Police)	497,969	Brighow gate (Drug Intervention Programme Project) (North East Lincolnshire Council)	15,194
Speed Seminar (East Riding of Yorkshire Council)	394,023	Government Office for Yorkshire & Humber Sexual Assault Referral Centre (Home Office and Hull Teaching PCT)	13,393
Local Criminal Justice Board (Home Office)	313,561	Alcohol Enforcement Officer (Home Office)	12,268
Basic Command Unit - Tasking (Home Office)	156,000	Operation Trapcar (North Lincolnshire Council)	11,386
B Division Basic Command Unit - All (Home Office)	147,634	Trapcar Project (Hull City Council)	11,354
Basic Command Unit - C Division (Home Office)	145,669	Drugs Intervention Probation Funding (Hull Probation Trust)	11,320
Prison Intelligence Officer (ACPO TAM)	134,759	Violence 2008/2009 (Home Office)	10,180
Comprehensive Spending Review (Prevent) (Home Office)	103,008		
Operation Solvent (Home Office)	94,506		
Continuing Prolific Crime Unit Costs (North East Lincolnshire Council)	84,229		
Operation Ketch (Home Office)	77,735		
Basic Command Unit Mobile Cctv (Home Office)	77,619		
Youth Action Plan (North Lincolnshire Council)	71,877		
Violent Crime (Home Office)	62,080		
Operation Argent (Hull City Council)	53,921		
Basic Command Unit Domestic Violence (Home Office)	47,240		
Basic Command Unit Asbo Co-Ordinator (Home Office)	46,734		
Hull Dap Admin (Hull City Council)	45,000		
Accelerated Partnership Fund (Home Office)	41,700		
Drug Interention Programme Strategic Lead (Home Office)	40,000		
Prevent (West Yorkshire Police)	35,697		
Youth Diversion (Home Office)	35,530		
Domestic Violence Unit Assistant (North East Lincolnshire Council)	34,602		
Action Against Burglary- D Div (Home Office)	34,006		
Operation Sage (Home Office)	32,661		
City Safe General (Hull City Council)	25,414		
Antisocial Behaviour Support (North East Lincolnshire Council)	25,331		
Street Angels (Home Office)	24,305		
Football Banning Order Unit (Home Office)	22,000		
Action Against Burglary- A Division (Home Office)	21,459		
	<u>c/fwd 13,536,716</u>		<u><u>13,698,733</u></u>

The above excludes the Pension Fund Grant

## 12. PRECEPT/COUNCIL TAX

2009-10

Band	A	B	C	D	E	F	G	H
Rate £	108.27	126.32	144.36	162.41	198.50	234.59	270.68	324.82

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

2008-09		2009-10
Restated		
£'000		£'000
18,531	East Riding of Yorkshire Council	19,328
10,822	Hull City Council	11,330
7,373	North East Lincolnshire Council	7,803
7,971	North Lincolnshire Council	8,335
<u>44,697</u>		<u>46,796</u>

## 13. EXTERNAL AUDIT FEES

In 2009-10 Humberside Police Authority incurred the following fees relating to external audit and inspection:

2008-09		2009-10
£'000		£'000
82	Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor.	86
10	Fees payable to the Audit Commission for work carried out on behalf of the Chief Constable.	0
<u>92</u>		<u>86</u>

## 14. THE EURO

During 2009-10 there was no impact on the Police Authority as a consequence of the European single currency. This will continue to be reviewed during 2010-11 and any impact will be monitored and resource implications identified.

The Force uses a modern accounting system which is Euro compliant.

The Force has also set up additional banking facilities to allow payments to be made and received in Euros.

## 15. GENERAL GOVERNMENT GRANTS

	2008-09	2009-10
<b>Analysis of General Government Grants</b>	<b>£'000</b>	<b>£'000</b>
Police Revenue Grant (Home Office)	66,105	68,022
Revenue Support Grant (Home Office)	7,210	11,318
Other Grants (Rule 2) (Home Office)	2,719	2,719
Counter Terrorism (Home Office)	858	693
<b>Total General Government Grants</b>	<b>76,892</b>	<b>82,752</b>

## 16. Joint Police Authorities Committee (JPAC)

The Regional Collaboration Programme was developed following the Home Office withdrawal of its plans in 2005 to merge Police Forces. Regional collaboration is very different to a formal merger and will bring opportunities to the participating Forces across many policing activities whilst retaining local Police Force, local identity and local accountability and local accountability.

Governance arrangements are in place to support regional collaboration. A Joint Police Authority Committee (JPAC) is constituted under section 101 and 107 of the Local Government Act 1972. JPAC is a sub-committee of each participating Police Authority and was the first of its kind in the country. It comprises the chairs, vice-chairs and other members from each of the four police authorities and was formed to support Section 23 of the Police Act 1996/Police & Justice Act 2006.

Regional Collaboration is funded from contributions made by the four participating Authorities and the level of contribution from each Authority is dependant upon an assessment of the benefit to be derived from each specific project or initiative.

The West Yorkshire Police Authority have produced memorandum accounts within its Financial Statements. Humberside Police Authority's expenditure of £680k in respect of Regional Working is included in the Income and Expenditure Account at Page 25. The Authority is the regional lead for property and has leased premises for Joint Working as detailed in Note 5.

With effect from the financial year 2008/09, accounts have been provided for the Regional Collaboration Programme by West Yorkshire Police and the expenditure and income charged to the accounts is in accordance with the Financial Regulations and Standing Orders of West Yorkshire Police Authority, and are shown in the following table:

<b>2008-09</b>		<b>2009-10</b>	
<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
	<b>Expenditure</b>		
1,766	Staff Costs	4,455	
43	Property Related Expenses	182	
703	Supplies and Services	667	
95	Transport Related Expenses	395	
450	Vehicle Purchase	0	
<u>3,057</u>			5,699
	<b>Income</b>		
325	Other Income (Home Office)	470	
3,033	Contributions	5,529	
<u>3,357</u>			5,999
<u>300</u>	<b>Surplus in Year</b>		<u>300</u>
	<u><b>Contributions</b></u>		
-	Home Office		565
1,508	West Yorkshire		2,150
796	South Yorkshire		1,355
454	North Yorkshire		779
275	Humberside		680
<u>3,033</u>			<u>5,529</u>

JPAC has approved a carry forward of £300k from 2009/10 to 2010/11 for Regional activity at the request of the Regional Programme Team and agreed that underspending against budget should be used to offset the cost of the implementation of the Serious and Organised Crime proposals during 2010/11. The Humberside elements of the underspend are reflected in the balance on the Performance Improvement Reserve.

## 17. NOTE OF RECONCILING ITEMS FOR THE STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

<u>Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year.</u>	<b>2008-09 Restated £'000</b>	<b>2009-10 £'000</b>
Depreciation/Amortisation	(3,577)	(3,618)
Impairment	(5,720)	(4,612)
Impairment of Financial Assets	(1,837)	643
Capital Grant Deferred Amortisation	2,582	2,387
Net Gain/(Loss) on the Sale of Fixed Assets	(237)	(566)
Collection Fund Account Adjustment	108	170
Net Charges Made for Retirement Benefits in Accordance with FRS 17	(100,098)	(90,797)
	(108,779)	(96,393)
<u>Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year.</u>		
MRP (Minimum Revenue Provision)	622	796
Capital Expenditure Charged to Revenue	954	57
Employers Contribution to Pensions	24,445	25,296
Additional Contribution to the Pension Fund to balance the deficit on the Fund Account	12,380	14,152
	38,401	40,301
<u>Transfers to or from the General Fund Balance that are required.</u>		
Net Transfers to/from Performance Reserve	(2,960)	(3,439)
Net Transfers to/from Risk Management Reserve	-	400
Net Transfers to/from Partnership Reserve	(346)	(335)
Net transfers to/from General Reserve	(156)	(169)
	(3,462)	(3,543)
Net Additional Amount Required to be Charged to the General Fund Balance for the Year	(73,839)	(59,635)

## 18. PUBLICITY

In accordance with section 5(1) of the Local Government Act 1986, the authority has to disclose certain categories of publicity/advertising expenditure.

2008-09 £'000		2009-10 £'000
111	Recruitment Advertising	41
66	Publicity	3
<u>177</u>		<u>44</u>

## 19. TANGIBLE FIXED ASSETS

	Operational Assets		Non Operational Assets			TOTAL £'000
	Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Assets under Construction £'000	Vehicles, Plant & Equipment £'000	Surplus Assets for Disposal £'000	
<b>Gross Book Value</b>						
As at 1st April 2009	34,731	29,282	10	572	5	64,600
Transfers	(235)	822	-	(822)	235	-
Additions & Enhancements	1,802	3,447	3,779	250	-	9,279
Disposals	-	(5,187)	-	-	-	(5,187)
Impairment	-	(114)	-	-	-	(114)
Revaluations	536	-	-	-	55	591
<b>As at 31st March 2010</b>	<b><u>36,835</u></b>	<b><u>28,249</u></b>	<b><u>3,789</u></b>	<b><u>0</u></b>	<b><u>295</u></b>	<b><u>69,169</u></b>
<b>Depreciation</b>						
To 31st March 2009	2	14,989	-	-	-	14,991
In Year	723	2,763	-	-	-	3,486
On Assets Revalued	(713)	(79)	-	-	-	(791)
On Assets Sold	-	(4,620)	-	-	-	(4,620)
<b>As at 31st March 2010</b>	<b><u>12</u></b>	<b><u>13,053</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>13,066</u></b>
<b>Net Book Value</b>						
<b>As at 31st March 2010</b>	<b><u>36,822</u></b>	<b><u>15,197</u></b>	<b><u>3,789</u></b>	<b><u>0</u></b>	<b><u>295</u></b>	<b><u>56,103</u></b>
Net Book Value						
As at 31st March 2009	34,730	14,292	10	572	5	49,609

The Non Operational premises relate to Withernsea Police Station; Princes Avenue Police Box; Calvert Lane Police Box; Walker Street Police Box; Holderness Road Police Box; all awaiting disposal.

Assets under Construction relate primarily to the construction of the Clough Road development.

Land and Buildings have been depreciated in line with the requirements of FRS 15 Tangible Fixed Assets.

## Statement of Physical Assets

<u>31 March</u> <u>2009</u>		<u>31 March</u> <u>2010</u>
62	Police Stations	57
2	Non-Operational Premises	5
5	Police Houses	4
744	Vehicles	678

## 20. INTANGIBLE ASSETS

	<b>£'000</b>
Original Cost at 1st April 2009	1,925
Less: Amortisation to 1st April 2009	<u>(1,289)</u>
Balance at 1st April 2009	636
Add: Expenditure in the Year	35
Less: Written off to Revenue in Year	<u>132</u>
<b>Balance at 31st March 2010</b>	<b><u>539</u></b>

The Intangible Assets, relate to computer software capitalised.

## 21. PROPERTY VALUATIONS

The statement below shows the progress of the Authorities rolling programme for the valuation of Land and Buildings. The Authority undertook a comprehensive revaluation of all Land and Buildings within the Force area. The basis for valuation is set out in the Statement of Accounting Policies. All valuations have been carried out by external valuers (with the exception of the internal valuation) as detailed below:

<u>Year of valuation</u>	<u>Name of valuer</u>	<u>Qualifications</u>	<u>Basis of valuation</u>
2005-06	P Gleeson (Two valuations undertaken in 2005-06)	M.R.I.C.S I.R.R.V	Existing use value.
2006-07	P Gleeson	M.R.I.C.S I.R.R.V	Existing use value.
2007-08	P Gleeson (Two valuations undertaken in 2007-08)	M.R.I.C.S I.R.R.V	Existing use value.
2008-09	P Gleeson	M.R.I.C.S I.R.R.V	Existing use value.
2008-09	Internal Revaluation		Existing use value.
2009-10	P Gleeson	M.R.I.C.S I.R.R.V	Existing use value.

	Operational Assets		Non Operational Assets	
	Land & Buildings	Police Houses	Land & Buildings	Police Houses
	£'000	£'000	£'000	£'000
2009-10	36,303	85	4,084	
2009-10 (Internal)		280		
	<u>36,303</u>	<u>365</u>	<u>4,084</u>	<u>0</u>
Leased Property	55			
L.P.G. Sites	99			
	<u>36,457</u>	<u>365</u>	<u>4,084</u>	<u>0</u>

In relation to the 5 year revaluation cycle, referred to in the Accounting Policies, the asset values are reflected above. The table shows the Net Book Values of the Assets and the year in which the assets were last revalued.

## 22. SUMMARY OF CAPITAL EXPENDITURE AND SOURCES OF FINANCE

The note below shows the movement in the Capital Financing Requirement due to capital expenditure for 2009-10, and the source of finance used.

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

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

2008-09 £'000		2009-10 £'000
16,780	Opening Capital Financing Requirement	21,149
	<u>Capital Investment</u>	
8,268	Operational Assets	9,313
	<u>Sources of finance</u>	
(718)	Revenue funding of Capital	(57)
(622)	Revenue Provision	(796)
(2,164)	Capital Grant	(2,164)
(395)	Capital Receipts	-)
<u>21,149</u>	Closing Capital Financing Requirement	<u>27,445</u>
	<u>Explanation of Movements in Year</u>	
4,369	Increase in underlying need to borrowing (supported by Government financial assistance).	6,296
<u>4,369</u>	Increase in Capital Financing Requirement	<u>6,296</u>

## 23. LONG TERM DEBTORS

2008-09 £'000		2009-10 £'000
	3 Car Loans to Staff	2
<u>3</u>		<u>2</u>

## 24. STOCKS AND WORK IN PROGRESS

2008-09 £'000		2009-10 £'000
	13 Printing	11
	97 Fuel	127
	35 General Store and Supplies	52
	454 Uniforms	377
<u>599</u>		<u>567</u>

## 25. PREPAYMENTS AND DEBTORS/ACCRUALS

2008-09 £'000		2009-10 £'000
	7,064 Government Departments	5,276
	1,288 Other Police and Local Authorities	1,659
	4,997 Other *	5,282
<u>13,349</u>		<u>12,217</u>

\* Includes prepayments of £4.261m (2008-09) and £4.016m (2009-10) relating to pay, paid in advance.

## 26. INCOME IN ADVANCE AND CREDITORS/ACCRUALS

2008-09 £'000		2009-10 £'000
	403 Government Departments	913
	1,269 Other Police and Local Authorities	1,196
	10,331 Other	9,037
<u>12,003</u>		<u>11,146</u>

## 27. SHORT TERM BORROWING

This relates to borrowing due for maturing with 12 months.

	Balance at 1st April 2009	Movement 2009-10	Balance at 31st March 2010
	£'000	£'000	£'000
Public Works Loan Board	592	2	594

## 28. PROVISIONS

The Authority have provided funds for the following:

	Balance at 1st April 2009	Contributions To/From the Provision	Expenditure Met from the Provision	Balance at 31st March 2010
	£'000	£'000	£'000	£'000
Insurance	700	(700)		-
Compensatory Grant	520	161	(341)	340
Commuted Police Overtime	325			325
	<u>1,545</u>	<u>(539)</u>	<u>(341)</u>	<u>665</u>

The Insurance Provision was based on the number of outstanding claims at the year end and the estimated legal costs to settle these claims. The timing of the outcome of these cases is difficult to predict. This provision has been removed and funds placed within the Risk Management Reserve to meet claims in the future.

Compensatory Grant is a payment to police officers that reimburses them for the amount of income tax paid on rent allowance received in the previous financial year. It is paid early in the following financial year.

The Commuted Police Overtime provision, relates to the estimated cost of police officers time due (time in lieu), and outstanding, at 31st March 2010. The timing relating to when officers use time in lieu is difficult to predict.

## 29. LONG TERM BORROWING

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

	Balance at 1st April 2009 £'000	Loans Raised £'000	Loans Repaid £'000	Transferred to Short Term Borrowing £'000	Balance at 31st March 2010 £'000
Public Works Loan Board	8,781	-	-	(594)	8,187
Analysis of Loans by Maturity					

Debt at 31st March 2009 £'000		Debt at 31st March 2010 £'000
594	1 - 2 years	593
1,756	2 - 5 years	1,742
2,821	5 - 10 years	2,787
2,231	10 - 15 years	2,001
1,379	> 15 yrs	1,064
<u>8,781</u>		<u>8,187</u>

## 30. DEFERRED LIABILITIES

Relates to grant used to fund Capital Expenditure, and is written off to the Income and Expenditure Account over the useful life of the asset to match the depreciation of the asset to which it relates.

Balance at 1st April 2009 £'000	Grant Deferred 2009-10 £'000	Written Off 2009-10 £'000	Balance at 31st March 2010 £'000
5,492	2,164	(2,387)	5,269



previously revalued property fall some or all of the loss can be offset against the amount remaining in the Revaluation Reserve.

- Pensions Reserve Please see Note 37 Pensions.
- Financial Instrument Adjustment Account This Reserve was created during 2008/9 following guidance from CIPFA on the accounting treatment of Icelandic investments. See Page 58.
- Collection Fund Adjustment Account This Reserve is required by the 2009 SoRP for billing and precepting Authorities regarding the collection and distribution of council tax receipts.

### 32. POLICE PROPERTY ACT FUND

2008-09 £'000		2009-10 £'000
6	Opening Balance	13
8	Income (in Year)	7
<u>14</u>		<u>20</u>
(1)	Less Expenditure	(15)
<u><u>13</u></u>		<u><u>5</u></u>

### 33. CONTINGENT LIABILITIES

A number of potential civil claims could be brought against the Authority. The total estimated liability for 2008-09 was £192k, this remained the same for 2009-10. The timing of the civil claims is very unpredictable and is likely to be over a number of years.

### 34. PROCEEDS OF CRIME ACT 2002

Humberside Police hold funds relating to the above Act which have been seized from 3<sup>rd</sup> parties, as suspected proceeds of crime. At the 31<sup>st</sup> March 2010 the balance of funds seized is £304k (2008-09 £351k). Balances relating to the 2002 Act, are excluded from the accounting statements in line with the standard treatment of trust funds.

### 35. SIGNIFICANT COMMITMENTS UNDER CAPITAL CONTRACTS

The estimated value of significant commitments under capital contracts at 31<sup>st</sup> March 2010 totalled £2.993m, which relates to £1.280m for the contract with design consultants for the Clough Road development, £409k for Vehicles, £138k for Computers and £1.166m for Communication Commitments.

## 36. SPONSORSHIP

### Lifestyle

Lifestyle is an initiative, established as part of the crime reduction strategy of Humberside Police. The initiative, which has been in operation since 1989, has been adopted by South Yorkshire and West Mercia Police, and police departments in America and South Africa have also showed significant interest. The aims of Lifestyle are:

- To encourage active citizenship, social responsibility and community spirit.
- To encourage team spirit.
- To reduce criminality by young persons and the fear of crime associated with antisocial behaviour.
- To encourage positive contact between the Humberside Police, young people and other bodies and agencies.

The process involves teams of young people running projects that not only benefit the local community but benefit the young people themselves, giving them a focus and challenge during the summer holidays.

Humberside Police supports the administration of Lifestyle. Sponsorship from the public and private sectors pays for the marketing for Lifestyle and covers the cost of prizes for the winning teams. The income and expenditure relating to the initiative is accounted for by the Force.

The cumulative balance of income and expenditure in respect of Lifestyle is shown as a creditor on the Balance Sheet.

### Lifestyle Income and Expenditure Statement

2008-09 £'000		2009-10	
		£'000	£'000
	<b><u>Income</u></b>		
88	Sponsorship	119	
88	<b>Total Sponsorship monies received</b>		119
	<b><u>Expenditure</u></b>		
64	Holidays and prizes	43	
19	Advertising & Promotions	45	
21	Award/Launch Ceremony	15	
42	Miscellaneous	6	
146	<b>Total Expenditure for the year</b>		109
(58)	<b>Balance of Income over Expenditure</b>		10

### Lifestyle Rock Challenge

Lifestyle Rock Challenge is a performing arts competition aimed at secondary schools, encouraging students to lead a healthy lifestyle and be their best without the need for tobacco, alcohol or other drugs to achieve a natural high through performance. Lifestyle Rock Challenge is classed as a sister project to Lifestyle.

Humberside Police annually raise sponsorship to bring the event to the Humberside region as part of our commitment to educating young people. Income and Expenditure relating to the competition is accounted for by the Force.

The cumulative balance of income over expenditure in respect of the Challenge is shown as a creditor in the Balance Sheet.

### Lifestyle Rock Challenge Income and Expenditure Statement

2008-09		2009-10	
£'000		£'000	£'000
<b>Income</b>			
74	Sponsorship	81	
74	<b>Total Sponsorship monies received</b>		81
<b>Expenditure</b>			
104	Events Organisation	75	
4	Holidays and Prizes	-	
108	<b>Total Expenditure for the year</b>		75
(34)	<b>Balance of Income over Expenditure</b>		6

### 37. ASSETS AND LIABILITIES IN RELATION TO RETIREMENT BENEFITS

The underlying assets and liabilities for retirement benefits to the authority at 31 March are as follows:

	Local Government Pension Scheme		Police Pension Schemes						Totals	
			11% Scheme		9.5% Scheme		Injury Awards			
	31 March 2010	31 March 2009	31 March 2010	31 March 2009	31 March 2010	31 March 2009	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Estimated Liabilities in the Scheme	(158,744)	(83,254)	(1,417,934)	(948,596)	(13,880)	(5,360)	(10,870)	(8,990)	(1,601,428)	(1,046,198)
Estimated Assets in the Scheme	89,678	58,691	-	-	-	-	-	-	89,678	58,691
Net Asset/(Liability)	(69,066)	(24,563)	(1,417,934)	(948,596)	(13,880)	(5,360)	(10,870)	(8,990)	(1,511,750)	(987,507)

The liabilities show the Authority's long term commitments to pay retirement benefits. The total liability of £1,512m has a substantial impact on the net worth of the Authority as recorded in the balance sheet, resulting in a negative overall balance of £1,447m. It must be noted however that the deficit on the Local Government Pension Scheme will be made good by increased contributions assessed by the scheme actuary every three years. Finance is only required to be raised to cover police pensions when pensions are actually paid.

The last actuarial review was carried out on the Local Government Pension Scheme in March 2008, and employers' contribution rates remained the same. The next actuarial review takes place in March 2011 and may adjust the employers' contribution rates from April 2011.

### 38. RECONCILIATION OF PRESENT VALUE OF SCHEME LIABILITIES

	Unfunded Liabilities: Police Pension Scheme		Funded Liabilities: Local Government Pension Scheme	
	£'000		£'000	
	2009-10	2008-09	2009-10	2008-09
1st April	(963,164)	(1,023,524)	(83,254)	(82,006)
Current service cost	(19,300)	(24,000)	(3,507)	(3,765)
Interest cost	(66,010)	(70,400)	(5,885)	(5,842)
Contributions by scheme participants	(8,440)	(8,500)	(2,294)	(2,022)
Curtailement costs	-	-	-	-
Actuarial gains and losses	(426,820)	123,710	(65,455)	10,019
Benefits paid	41,120	39,850	1,710	1,537
Past service costs	(70)	(300)	(59)	(1,175)
31st March	<u>(1,442,684)</u>	<u>(963,164)</u>	<u>(158,744)</u>	<u>(83,254)</u>

The expected contributions to the ERYC Fund for 2010/11 are £6,339,000 (2009/10 was £5,686,000). The expected contributions to the Police Pension fund for 2010/11 are £18,770,910 (2009/10 was £17,878,100).

### 39. RECONCILIATION OF PRESENT VALUE OF SCHEME ASSETS

	Local Government Pension Scheme	
	£'000	
	2009-10	2008-09
1st April	58,691	70,795
Expected return on assets	4,034	5,384
Actuarial gains and losses	20,084	(23,231)
Employer contributions	6,285	5,524
Contributions by scheme participants	2,294	2,022
Benefits paid	(1,710)	(1,537)
Adjustment to estimated bid value from mid market value for assets		(266)
31st March	<u>89,678</u>	<u>58,691</u>

#### 40. BASIS FOR ESTIMATING ASSETS AND LIABILITIES

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

The Police Schemes have been assessed by GAD (The Government Actuaries Department) and the Local Authority Scheme, which is administered by the East Riding of Yorkshire Council has been assessed by Hymans Robertson, actuaries.

The main assumptions used in their calculations have been:

	Local Government Pension Scheme		Police Pension Schemes					
	2009-10	2008-09	11% Scheme		9.5% Scheme		Injury Awards	
			2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
	%	%	%	%	%	%	%	%
Rate of Inflation	3.8	3.1	3.9	3.0	3.9	3.0	3.9	3.0
Rate of Increases in Salaries	5.3	4.6	5.4	4.5	5.4	4.5	5.4	4.5
Rate of Increase for Pensions	3.8	3.1	3.9	3.0	3.9	3.0	3.9	3.0
Rate for Discounting Scheme Liabilities	5.5	6.9	5.8	6.9	5.8	6.9	5.8	6.9
Take up option to convert annual pension into retirement grant	30	30						

The Police Pension Schemes have no assets to cover the liabilities incurred. Assets in the East Riding of Yorkshire Council Fund are valued at fair value, principally market value for investments, and consist of the following categories, by proportion of the assets held by the fund:

	Expected return on Assets at 31 March 2010		Assets at 31 March 2010		Expected return on Assets at 31 March 2009		Assets at 31 March 2009	
	%	£'000			%	£'000		
Equity investments	7.8	72,639			7.0	45,192		
Bonds	5.0	8,968			5.4	7,043		
Property	5.8	3,587			4.9	2,935		
Cash	4.8	4,484			4.0	3,521		
Total	7.3	89,678			6.5	58,691		

The actual return on assets held within the ERYC fund was £24,147,000 for 2009-10 (-£17,892,000 for 2008-09)

#### 41. ASSUMED MORTALITY RATES

Mortality rates are projected to 2006 using the standard '92-series' mortality improvements and rated down one year. Future mortality improvements from 2006 are in line with the 2006-based UK national population projections.

##### Police Pension Fund

Current Pensioners			Future Pensioners		
Exact Age	Expectation of life (in years) for existing pensioners		Exact Age	Expectation of life (in years) for existing pensioners	
	Males	Females		Males	Females
65	23.9	27.1	65	26.0	29.1

##### East Riding of Yorkshire Pension Fund

Current Pensioners			Future Pensioners		
Exact Age	Expectation of life (in years) for existing pensioners		Exact Age	Expectation of life (in years) for existing pensioners	
	Males	Females		Males	Females
65	22.7	26.1	65	24.8	28.3

## 42. ACTUARIAL GAINS AND LOSSES

The actuarial gains identified as movements on the Pensions Reserve in 2009-10 can be analysed into the following categories, measured as absolute amounts and as percentages of assets or liabilities at 31 March 2010:

### Local Government Pension Scheme

	2006-07		2007-08		2008-09		2009-10	
	£'000	%	£'000	%	£'000	%	£'000	%
Differences between the expected and actual return on assets	453	0.70	(1,492)	(2.11)	(23,231)	(39.58)	20,084	22.40
Difference between actuarial assumptions about liabilities and actual experience	33	-	782	0.95	23	0.03	(58)	(0.06)
Changes in the demographic and financial assumptions used to estimate liabilities	6,409	10.25	12,841	18.14	9,996	17.03	(65,397)	(72.92)
Total Actuarial Gain/(Loss)	<u>6,895</u>	8.00	<u>12,131</u>	14.79	<u>(13,212)</u>	(1.58)	<u>(45,371)</u>	(28.58)

### Police Pension Scheme 11% Employee's Contribution

	2006-07		2007-08		2008-09		2009-10	
	£'000	%	£'000	%	£'000	%	£'000	%
Difference between actuarial assumptions about liabilities and actual experience	3,410	0.30	23,910	2.27	7,150	0.80	25,540	1.70
Changes in the demographic and financial assumptions used to estimate liabilities	82,605	6.67	202,610	20.09	114,660	12.10	(443,770)	(31.30)
Total Actuarial Gain/(Loss)	<u>86,015</u>	7.00	<u>226,520</u>	22.36	<u>121,810</u>	12.90	<u>(418,230)</u>	(29.60)

### Police Pension Scheme 9.5% Employee's Contribution

	2006-07		2007-08		2008-09		2009-10	
	£'000	%	£'000	%	£'000	%	£'000	%
Difference between actuarial assumptions about liabilities and actual experience	(280)	(32.60)	(3,580)	(78.90)	(120)	(2.20)	(370)	(2.70)
Changes in the demographic and financial assumptions used to estimate liabilities	96	10.47	1,790	39.50	1,210	22.50	(6,410)	(46.10)
Total Actuarial Gain/(Loss)	<u>(184)</u>	(22.10)	<u>(1,790)</u>	(39.40)	<u>1,090</u>	20.30	<u>(6,780)</u>	(48.80)

### Police Pension Injury Awards

	2006/07		2007-08		2008-09		2009-10	
	£'000	%	£'000	%	£'000	%	£'000	%
Difference between actuarial assumptions about liabilities and actual experience	670	6.30	370	3.90	60	0.70	510	4.70
Changes in the demographic and financial assumptions used to estimate liabilities	458	4.04	750	7.85	750	8.30	(2,320)	(21.40)
Total Actuarial Gain/(Loss)	<u>1,128</u>	10.30	<u>1,120</u>	11.75	<u>810</u>	9.00	<u>(1,810)</u>	(16.70)
Total Actuarial Gain/(Loss)	<u>93,854</u>		<u>237,981</u>		<u>110,498</u>		<u>(472,191)</u>	

### **43. POST BALANCE SHEET EVENTS**

The Authority has reviewed events occurring between the 31<sup>st</sup> March and 29<sup>th</sup> June 2010, and has identified one event that is an adjusting event as the conditions existed at the Balance Sheet date. A bulletin was received from CIPFA on 25<sup>th</sup> May 2010 detailing the latest position on Icelandic Investments. This event has been reflected in the Income and Expenditure Account and Balance Sheet. A Credit of £220,000 was entered in the Income and Expenditure account as a reversal of the previous impairment due to the returns received from the Authorities investments in Heritable and Kaupthing Singer and Friedlander been more than initially anticipated. This amount is then debited on the Statement of Movement in General Fund Balance to negate the effect on the General Fund Account. The Financial Instrument Adjustment Account has been credited on the Balance Sheet with £220,000. In summary the Authority is likely to recover £220,000 more than previously anticipated from the investments with Icelandic institutions.

In order to disclose any adjusting events that relate to conditions existing at the Balance Sheet date, the Authority has reviewed events occurring between the 31<sup>st</sup> March and 30<sup>th</sup> September 2010, and the following has arisen:

The Chancellor of the Exchequer announced in his Emergency Budget on 22<sup>nd</sup> June 2010 that the consumer prices index rather than the retail prices index will be the basis for future public sector pension increases. This change will affect the Police Officer pension scheme liability and the Police staff pension scheme liability. The following information has been received from the Police Authorities actuaries.

#### **GAD**

It was announced in the Budget on Tuesday 22<sup>nd</sup> June 2010 that the Government will adopt the Consumer Price Index (CPI) for the indexation of public service pensions from April 2011. This will have an impact upon the operation of the pension schemes that Humberside Police Authority provides to officers.

#### **Hymans**

In accordance with paragraph 21 of Financial Reporting Standard 21 (Events after the Balance Sheet Date), this change is deemed to be a non-adjusting post balance sheet event. It is estimated that this change will reduce the value of an average employer's FRS17 liabilities in the East Riding Pension Fund by around 6-8%.

#### 44. RECONCILIATION OF NET DEFICIT ON THE INCOME AND EXPENDITURE ACCOUNT TO THE REVENUE ACTIVITIES NET CASH FLOW IN THE STATEMENT

<u>2008-09</u>		<u>2009-10</u>	
Restated		£'000	£'000
£'000	(Deficit) for the Year		
(73,683)			(59,466)
	<b>Add Non-cash Transactions :</b>		
100,098	Notional Pensions Expenditure	90,797	
9,280	Depreciation/Impairments	8,238	
(2,582)	Capital Grant Deferred	(2,387)	
-	Write off Bad Debts	(2)	
1,839	Impairment of Financial Assets	(435)	
237	Loss on the Sale of Fixed Assets	567	
	Impairment of Financial Assets - unwinding of discount	(208)	
220	Decrease In Short Term Investments Interest Receivable	855	
(108)	Collection Fund Adjustment	(170)	
	Insurance Provision	700	
(140)	Compensatory Grant Provision	(180)	
<u>108,844</u>			97,775
	<b>Add cash Transactions :</b>		
(36,825)	Actual Pensions Paid	(39,502)	(39,502)
	<b>Add :</b>		
	Decrease in Stocks and Work in Progress	33	
	Decrease in Debtors	1,826	
736	Increase in Receipts in Advance		
<u>736</u>			1,859
	<b>Less :</b>		
(454)	Decrease in Creditors/Accruals	(1,306)	
(2)	Increase in Stocks		
(18)	Increase in Pre-payments	(156)	
(2,693)	Increase In Debtors		
-	Decrease in Receipts in Advance	(244)	
<u>(3,167)</u>			(1,706)
	<b>Add :</b>		
(1,957)	Financing Items in Cashflow		(901)
<u>(6,053)</u>	The Indirect method is now used to produce the Cash Flow Statement		<u>(1,941)</u>

#### 45. RECONCILIATION OF FINANCING AND MANAGEMENT OF LIQUID RESOURCES

<u>2008-09</u>		<u>2009-10</u>	
£'000		£'000	£'000
2,766	Increase/(Decrease) in Cash	(2,082)	
(12,720)	Cash Used to Increase Liquid Resources	(6,374)	
	New Loans Raised		
591	Loan Repaid	591	
<u>(9,363)</u>	Change in Debt		(7,865)
(27,534)	Net Debt at 1 April		(18,171)
<u>(18,171)</u>	Net Debt at 31 March		<u>(10,306)</u>
<u>(9,363)</u>			<u>(7,865)</u>

## 46. THE MOVEMENT IN CASH RECONCILED TO THE MOVEMENT IN NET DEBT

	Balance at 1st April 2009 £'000	Balance at 31st March 2010 £'000	Cashflows 2009-10 £'000
<b><u>Cash</u></b>			
Cash in Hand	120	359	239
Cash Overdrawn at Bank	(2,585)	(2,306)	278
Temporary Deposits *	4,480	1,880	(2,600)
	<u>2,015</u>	<u>(68)</u>	<u>(2,082)</u>
<b><u>Financing (PWLB)</u></b>			
Debt Due/Paid within 1 Year	(592)	(594)	(2)
Debt Due/Paid after 1 Year	(8,781)	(8,187)	594
	<u>(9,373)</u>	<u>(8,781)</u>	<u>592</u>
<b><u>Liquid Resources **</u></b>			
<b><u>Short Term Investments</u></b>			
Balance	25,530	16,031	
Purchase of Investments			107,485
Redemption of Investments			(102,785)
Impairment of Financial Assets	(1,837)	422	422
	<u>23,693</u>	<u>16,453</u>	<u>5,122</u>
	<u>16,335</u>	<u>7,604</u>	<u>3,631</u>

\* Temporary Deposits are balances held within the Authority's bank accounts at 31/03/10 and are included within Short Term Investments on the Balance Sheet.

\*\* The Authority's Liquid Resources are short term (under 364 days) investments with approved financial institutions.

## 47. ANALYSIS OF GOVERNMENT GRANTS

<u>2008-09</u>		<u>2009-10</u>	
£'000		£'000	£'000
7,210	Revenue Support Grant	11,318	
66,105	Police Specific Grant	68,022	
<u>73,315</u>			79,340
24,233	Other Grants	31,264	
2,164	Capital Grant	2,164	33,428
<u>99,712</u>			<u>112,768</u>

## 48. FINANCIAL INSTRUMENTS

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

The 2009 SoRP requires disclosure relating to Recognition, Measurement, Accounting and Disclosure of Financial Instruments.

Two categories of Financial Instruments, Assets and Liabilities are identified:

### Assets

Bank deposits  
Trade receivables  
Loans receivables  
Other receivables and advances  
Investments

### Liabilities

Trade payables and other payables  
Borrowings  
Financials guarantees

The carrying amount of financial assets and liabilities held by the Authority on the Balance Sheet are:

	Current		Long Term	
	31-Mar 2009 £'000	31-Mar 2010 £'000	31-Mar 2009 £'000	31-Mar 2010 £'000
<u>Financial Liabilities</u>				
Amortised Cost	13,671	12,707	8,781	8,187
<u>Financial Assets</u>				
Loans and Receivables	37,037	25,871	4	2

The carrying amounts for deposits and loans are shown above and the Fair Value of the deposits and loans has been assessed as £14,006k for the deposits and £9,890k for the loans. The fair value and the debtors and creditors is taken to be the invoiced or billed amount. The interest earned from short term investments was £778k during 2009-10 (£2,582k during 2008-9). The average rate of interest was 3.3% and +/- 1% will result in a change of £235k

PWLB loans are at fixed rates where the interest rate payable is lower than rates available for similar loans at the Balance Sheet date and therefore no adjustment is necessary.

The nature of the type of Financial Instruments held by the Authority is not significant in relation to the overall financial position of the Authority.

### Reclassification / De-recognition

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

### Collateral

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

### Impairment, Income and Expenses

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

#### **Icelandic Banks Investments**

Early in October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. Humberside Police authority had £5.57m deposited across two of these institutions, with varying maturity dates and interest rates as follows:

<b>Institution</b>	<b>Amount (£)</b>	<b>Maturity Date</b>	<b>Interest Rate</b>
Kaupthing Singer and Friedlander	1,000,000	22 <sup>nd</sup> December 2008	6.45%
Heritable	1,000,000	22 <sup>nd</sup> October 2008	5.92%
Heritable	2,000,000	3 <sup>rd</sup> July 2009	6.52%
Heritable	1,570,000	21 <sup>st</sup> September 2009	6.35%

All monies within these institutions are currently subject to the respective administration processes. The amounts and timing of payments to depositors such as the authority will be determined by the administrators.

The current situation with regards to recovery of the sums deposited varies between each institution. Based on the latest information available the Authority considers that it is appropriate to consider an impairment adjustment for the deposits, and has taken the action outlined below. As the available information is not definitive as to the amounts and timings of payments to be made by the administrators, it is likely that further adjustments will be made to the accounts in future years.

#### **Heritable Bank**

Heritable bank is a UK registered bank under Scottish law. The company was placed in administration on 7 October 2008. The creditor progress report issued by the administrators Ernst and Young, in January 2010 outlined that the return to creditors was projected to be 85p in the £ by end 2012. The first payment of 16% was received in July 2009 with further payments of 13% received in December 2009 and 6% received in March 2010. Therefore in calculating the impairment the Authority has made the following assumptions regarding the timing of recoveries:

June 2010 – 5%

September 2010 – 5%

December 2010 – 5%

March 2011 – 5%

June 2011 – 5%

September 2011 – 5%

December 2011 – 5%

March 2012 – 5%

June 2012 – 5%

September 2012 – 5%

Recoveries are expressed as a percentage of the authority's claim in the administration, which includes interest accrued up to 6 October 2008.

### **Kaupthing Singer and Friedlander Ltd**

The creditor progress report issued by the administrators Ernst and Young, in April 2010 outlined that the return to creditors was projected to be between 65p to 78p but is likely to be 71p in the £ but no timescale is indicated. The first payment of 20% was received in July 2009, with a further 10% received in December 2009 and 5% in March 2010. Therefore in calculating the impairment the following assumptions have been made regarding the timing of recoveries:

July 2010 – 6%	January 2012 – 6%
January 2011 – 6%	July 2012 – 6%
July 2011 – 6%	January 2013 – 6%

Recoveries are expressed as a percentage of the authority's claim in the administration, which includes interest accrued up to 7 October 2008.

### Effect of Financial Instruments on the Income and Expenditure Account

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

	Financial Liabilities	Financial Assets	
	PWLB Loans £'000	Deposits with Banks and Financial Institutions £'000	Total £'000
Interest Expense	525		525
Interest Income		(778)	(778)
Net Affect for the Year	525	(778)	(253)

The Authority's activities expose it to a variety of financial risks:

- **Credit Risk**  
The possibility that other parties might fail to pay amounts due to the Authority
- **Liquidity Risk**  
The possibility that the Authority might not have funds available to meet its commitments to make payments
- **Market Risk**  
The possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements

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

- Credit Risk

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

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

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

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

The Debtors at the 31st March 2010, includes £6.5m that relates to Central and Local Government organisations, and as such is not classed as a credit risk. The profile of the remaining debtors which are monitored on a regular basis is set out below:

	£'000
Upto Six Months	291
Six Months to One Year	1
More than One Year	32
	<u>324</u>

- Liquidity Risk

As at the 31 March 2010 the Authority has balances on revenue reserves of £36.5m and short term investments of £18.3m. The Authority also has access to borrowing from the Public Works Loan Board (PWLB). There is therefore no significant risk that the Authority would be unable to meet it's financial commitments.

As part of the Treasury Management Policy Statement the Authority considers the maturity analysis of borrowings at the beginning of the financial year in order to manage the profile of debt repayable. The position at 31<sup>st</sup> March 2010 is as follows:

	Actual at 31-Mar-09 £'000	Actual at 31-Mar-10 £'000
One Year	592	594
Between One and Two Years	594	593
Between Two and Five Years	1,756	1,742
Between Five and Ten Years	2,821	2,787
Between Ten and Fifteen Years	2,231	2,001
More than Fifteen Years	1,379	1,064
	<u>9,373</u>	<u>8,782</u>

- Market Risk

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

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

- Price Risk  
The Authority does not invest in equity shares and so has no exposure to risk arising from movements in the prices of shares.
- Foreign Exchange Risk  
The Authority has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to loss arising from movements in exchange rates
- Unrecognised Gains or losses relating to Financial Instruments  
The Authority has no financial assets with unrecognised gains or losses at the balance sheet date.

## **POLICE PENSION FUND ACCOUNT**

The 2009 SoRP sets out the accounting treatment for the Police Pension Fund Account in the financial year 2009-10.

### **TRANSACTIONS RELATING TO RETIREMENT BENEFITS**

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

The Authority participates in the following pension schemes:

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

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

## POLICE PENSIONS FUND ACCOUNT

<u>2008-09</u> £'000		<u>2009-10</u> £'000
	<b>CONTRIBUTIONS RECEIVABLE</b>	
	Police Authority:	
(18,284)	- contributions at 24.2% of pensionable pay	(18,039)
(68)	- early retirements - Ill Health	(101)
(8,033)	Officers' contributions	(7,961)
(26,385)		(26,101)
	<b>TRANSFERS IN</b>	
(289)	Transfers in from other Pension Schemes	(330)
	<b>BENEFITS PAYABLE</b>	
27,896	- pensions	30,474
10,366	- commutations and lump sum retirement benefits	<u>9,383</u>
		39,857
	<b>PAYMENTS TO AND ON ACCOUNT OF LEAVERS</b>	
204	- transfers out to other Pension Schemes	263
588	- transfers out to other Police Authorities: 1966 & 1974 arrangements	<u>463</u>
		<u>726</u>
12,380	<b>NET AMOUNT PAYABLE FOR THE YEAR</b>	14,152
(12,380)	<b>ADDITIONAL CONTRIBUTION (FROM) THE POLICE AUTHORITY</b>	(14,152)
0		0

## NET ASSETS STATEMENT

<u>2008-09</u> £'000		<u>2009-10</u> £'000
	<b>Current Assets</b>	
1,280	Police Fund Debtor	-
	<b>Current Liabilities</b>	
(1,280)	Unpaid Pensions Due	-
0		0

## NOTES TO THE POLICE PENSION FUND ACCOUNT

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

The Police Officer Pension Schemes make up the account:

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

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

The fund is charged with all pensions expenditure, in accordance with Home Office guidance with income to the amount being employee contributions, employer contributions, which for 2009-10 was 24.2% of pensionable pay.

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

The Home Office provide a pension "top up" grant to fund differences on the fund account, 80% is received up front for the relevant financial year, with the balance provided on submission of the Authorities audited accounts.

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

The fund does not account for benefits payable in the future (FRS17 Pension Liability), which is a divergence from the accounting policy for the Police Fund Account as stated in the statement of accounting policies.

The Home Office conducts revaluations on the pension fund every three years and adjusts the employer contribution rate accordingly.

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

## GLOSSARY OF ACCOUNTING TERMS

Term	Definition
<b>Accounting Period</b>	The period of time covered by the accounts, normally a period of twelve months.
<b>Accrual</b>	The recognition of income and expenditure as it is earned or incurred, rather than as cash is received or paid.
<b>Actuarial Gain and Loss</b>	For a defined benefit scheme, the changes in the actuarial deficits or surpluses that arise because : <ul style="list-style-type: none"> <li>▪ events have not coincided with actuarial assumptions made for the last valuation (experience gains and losses) or</li> <li>▪ the actuarial assumptions have changed.</li> </ul>
<b>Agency Cost</b>	Services which are performed by or for another authority or public body, where the agent is reimbursed for the cost of the work done.
<b>Asset</b>	An item owned or leased by the authority, which has a value, for example, land and buildings, vehicles, equipment, cash.
<b>Balance Sheet</b>	This represents a summary of all the assets and liabilities of the Police Authority.
<b>Capital Expenditure</b>	Expenditure on new assets or on the enhancement of existing assets so as to prolong their useful life or enhance value.
<b>Capital Financing Account</b>	This account represents amounts set aside from revenue or capital receipts to finance expenditure on fixed assets or for the repayment of external loans and certain other capital financing transactions.
<b>Capital Receipts</b>	Proceeds from the sale of fixed assets.
<b>Capital Financing Requirement</b>	The capital financing requirement is a measure of the extent to which the Police Authority needs to borrow to support capital expenditure. It does not necessarily relate to the actual amount of borrowing at any point in time.
<b>Carry Overs</b>	These are underspends at the end of the financial year, which are carried forward into the next financial year to support that year's expenditure plans.
<b>CIPFA</b>	The Chartered Institute of Public Finance and Accountancy. This is the main professional accountancy body relating to the public sector.
<b>Collection Fund</b>	Precept Income is collected on behalf of the Police Authority by the four billing Authorities (East Riding of Yorkshire Council; Kingston upon Hull City Council; North East Lincolnshire Council and North Lincolnshire Council). The precept income is then paid to the Police Authority as Precept Income.
<b>Contingent Liabilities</b>	A potential liability at the date when the accounts are submitted for approval. The liability will be included in the Balance Sheet only if it can be estimated with reasonable accuracy. Otherwise the liability will be disclosed as a note to the accounts.
<b>Corporate &amp; Democratic Core Costs</b>	These represent the costs of delivering public accountability and representation in policy-making and meeting our legal responsibilities.
<b>Creditors</b>	Amounts owed by the authority for goods received or services rendered but not yet paid for at the end of the financial year.

<b>Debtors</b>	Sums of money due to the authority for work done or services supplied but not received at the end of the financial year
<b>BVACOP</b>	The Best Value Accounting Code of Practice establishes 'proper practice' with regard to consistent financial reporting below the Statement of Accounts level. The guidance seeks to provide a means for the aggregation of the cost of policing.
<b>Deferred Grants</b>	Amounts received which have been used to finance capital expenditure within the year. These amounts are written off on the same basis as the assets to which they relate.
<b>Deferred Liabilities</b>	Liabilities which by arrangement are payable beyond the next year at some points in the future or paid off by an annual sum over a period of time.
<b>Depreciation</b>	A charge representing the part of an asset used in the year.
<b>Impairments</b>	This only relates to fixed assets. Impairment is caused by consumption of economic benefits or by a general fall in prices.
<b>Financial Instruments</b>	A Financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.
<b>Financial Regulations</b>	A written code of procedures approved by the Authority to provide a framework for the proper financial management of the Authority.
<b>Fixed Asset Restatement Account</b>	This account represents principally the balance of the surpluses or deficits arising on the periodic revaluation of fixed assets.
<b>Fixed Assets</b>	Tangible assets that yield benefits to the Authority for a period of more than year.
<b>Income Received In Advance</b>	Income received (cash, BAC'S etc) that should be classed as a benefit in the next financial year.
<b>Intangible Assets</b>	Capital expenditure which does not create a tangible asset.
<b>Joint Police Authorities Committee (JPAC)</b>	Committee comprising the four Police Authorities in the Yorkshire Region (West Yorkshire, South Yorkshire, North Yorkshire and Humberside) to provide joint services.
<b>Leases</b>	A method of financing expenditure over a period of time. There are two types of lease: <ul style="list-style-type: none"> <li>▪ Finance Lease, where the risks of ownership are transferred to the lessee and where the assets are recorded in the authority's balance sheet at a current valuation.</li> <li>▪ Operating Lease, where the risks of ownership stay with the leasing company and the annual rental charges are made via the Income &amp; expenditure Account.</li> </ul>
<b>Liability</b>	Is an amount shown on the balance sheet, that is a commitment on the authority, that some time in the future the authority will or may have to realise (pay).
<b>Local Authority Accounting Panel (LAAP) Bulletin</b>	Latest update from CIPFA detailing amendments and guidance to changes in Local Authority Accounting Practice.
<b>Minimum Revenue Provision</b>	The minimum revenue provision is the amount required by statute that the Police Authority must fund to cover the redemption of external debt, including any supported or unsupported borrowing used to fund Capital, the MRP amount being equal to the Capital Expenditure funded by the borrowing, over the expected life of the asset.
<b>Medium Term Financial Strategy (MTFS)</b>	The MTFS covers a 5 year period and describes the financial direction of the Force and Authority capturing known and estimated funding, financial pressures and development needs as well as seeking to identify financial risks. It is an indication of the

	likely direction of financial planning over the next year.
<b>Non Distributed Costs</b>	This is where overheads are not charged or apportioned to activities within the BVACOP service expenditure analysis.
<b>Police Property Act Fund</b>	This relates to amounts of cash and belongings taken in by the force, where no obvious owner has been ascertained in line with the Police Property Act 1897.
<b>Precept</b>	A levy which the Police Authority makes through the Council Tax, to pay for services
<b>Pre Payment</b>	The where an amount of expenditure is paid in the current financial year, but the goods or service was a benefit in the next/following financial year.
<b>Proceeds Of Crime Act 2002</b>	This relates to cash seized, which are believed to be the result of criminal activities.
<b>Provision</b>	An amount set aside to provide for a liability which is likely to be incurred but the exact amount and the date on which it will arise are uncertain.
<b>Prudential Borrowing</b>	This is the borrowing as part of funding of capital expenditure, where no actual loan is taken out to match the element of expenditure incurred. The affect is shown through the capital financing requirement, and is the amount to be funded when all other funding types i.e. capital grant, revenue, capital receipts etc have been used.
<b>Reserves</b>	General reserves are accumulated balances available to support revenue or capital spending and meet unforeseen events. Specific reserves are amounts set aside for an agreed purpose in one financial year and carried forward to meet expenditure in future years.
<b>Revenue Expenditure</b>	Spending on day to day items, including salaries, premises costs and supplies and services.
<b>Revenue Support Grant</b>	A grant paid by Central Government towards the costs of the service.
<b>SoRP (Statement of Recommended Practice)</b>	Code of practice published by CIPFA, relating to Local Authority accounting in the United Kingdom and is issued each year.

## Acronyms

ACPO	Association of Chief Police Officers
APA	Association of Police Authorities
APACE	Association of Police Authority Chief Executives
BVACOP	Best Value Accounting Code of Practice
CDRP	Crime and Disorder Reduction Partnership
CIPFA	Chartered Institute of Public Finance and Accountancy
CSP	Community Safety Partnership
CSR	Comprehensive Spending Review
DCLG	Department of Communities and Local Government
FRS	Financial Reporting Standard
GAD	Government Actuaries Department
GMPA	Greater Manchester Police Authority
GOYH	Government Office for Yorkshire and the Humber
HANWAG	Humberside Association of Neighbourhood Working Groups
HMIC	Her Majesty's Inspector of Constabulary
HPA / HP	Humberside Police Authority / Humberside Police
IFRS	International Financial Reporting Standards
IPCC	Independent Police Complaints Commission
ISIS	Information Systems Improvement Strategy
JANE	Joint Arrangement Not an Entity
JPAC	Joint Police Authorities' Committee
LAAP	Local Authority Accounting Panel
LCJB	Local Criminal Justice Board
LGYH	Local Government Yorkshire and the Humber
LSP	Local Strategic Partnership
MRP	Minimum Revenue Provision
MTFS	Medium Term Financial Strategy
NPT	Neighbourhood Policing Teams
NYPA / NYP	North Yorkshire Police Authority / North Yorkshire Police
OPP	Operational Policing Programme Board
PASA	Police Authority Self Assessment Framework
PATS	Police Authority Treasurers' Society
PCSD	Police Crime Standards Directorate
PDR	Performance Development Review
PWLB	Public Works Loans Board
RIEP	Regional Improvement and Efficiency Partnership
SOLACE	Society of Local Authority Chief Executives
SoRP	Statement of Recommended Practice
STRGL	Statement of Total Recognised Gains and Losses
SYPA / SYP	South Yorkshire Police Authority / South Yorkshire Police
WYPA / WYP	West Yorkshire Police Authority / West Yorkshire Police