



Chief Constable for Lincolnshire

Financial Statements

2015/16

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Chief Constable for Lincolnshire

Statement of Accounts 2015-16

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Chief Constable for Lincolnshire

Introduction to the Financial Statements

Chief Constable Neil Rhodes



In November 2012 police authorities were split into two entities, one under the leadership of the Police and Crime Commissioner, the other under the Chief Constable.

The Chief Constable has direction and control over the force's police officers and staff. Under the PCCs' Scheme of Arrangements the Chief Constable has certain specific delegated powers relating principally to HR and Finance.

All of the financial transactions relating to the activities of the Chief Constable in accordance with the devolved arrangements agreed by the PCC are shown in these accounts. In order to comply with accounting convention and practice all of the main accounting statements are produced even when there are few transactions to populate. The Statements provide a record of all of the Chief Constable's Income and Expenditure together with the financial position as at 31 March 2016.

The organisation consists of three Chief Superintendent led operational commands:

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

In addition the Force participates in the provision of Policing Services through Regional Collaboration with neighbouring Forces in the East Midlands

Executive officers of Lincolnshire Police on 31 March 2016 were:

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

Chief Constable for Lincolnshire – Audited Financial Statements - 2015/16

The Statement of Accounts

The 2015/16 Statement of Accounts is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting. The accounts reflect the current legislative framework as well as the local arrangements operating in practice. Key elements of this framework include:

- The Police Reform and Social Responsibility Act 2011 (the Act);
- The Home Office Financial Management Code of Practice for the Police Service of England and Wales 2012;
- Scheme of Delegation;
- Financial Regulations;
- Contract Regulations.

Further Information

The Statement of Accounts 2015/16 is published as an internet document at www.lincs.police.uk

Further information about the financial statements is available from:

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

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



Independent Auditor's Report to the Chief Constable for Lincolnshire

We have audited the financial statements of the Chief Constable for Lincolnshire for the year ended 31 March 2016 on pages 31 to 69. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the Chief Constable, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Chief Constable, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Chief Constable's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Narrative Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2016 and of the Chief Constable's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Matters on which we are required to report by exception

The Code of Audit Practice requires us to report to you if:

- the Annual Governance Statement set out on pages 10 to 23 does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- the information given in the Narrative Statement for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014; or
- any other special powers of the auditor have been exercised under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters.

Conclusion on the Chief Constable for Lincolnshire's arrangements for securing economy, efficiency and effectiveness in the use of resources

The Chief Constable's responsibilities

The Chief Constable 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 to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Comptroller and Auditor General (C&AG) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Chief Constable has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by C&AG in November 2015, as to whether the Chief Constable had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Chief Constable had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, we are satisfied that, in all significant respects, the Chief Constable for Lincolnshire put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Certificate

We certify that we have completed the audit of the financial statements of the Chief Constable for Lincolnshire in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Andrew Cardoza
For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

St Nicholas House

31 Park Row

Nottingham

NG1 6FQ

12 August 2016

Annual Governance Statement

This section details the Chief Constable for Lincolnshire's governance arrangements in operation during 2015/16 including plans for the financial year 2016/17.

Introduction

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

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

Scope of Responsibilities

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

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

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

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

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

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

In accordance with paragraph 3.7.4.3 of the Code of Practice on Local Authority Accounting for 2015/16; the Chief Constable's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Finance Officer (CFO) of the Commissioner and the CFO of the Chief Constable.

The Purpose of the Governance Framework

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

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

The governance framework has been in place for the year ended 31 March 2016 and up to the date of approval of the statement of accounts.

The Governance Framework

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

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

- Identifying and communicating the Operational Policing Plan, purpose and intended outcomes; the Plan is built from four elements:
- The Police and Crime Commissioner's Police and Crime Plan
 - The Chief Constable's Vision
 - The national Strategic Policing Requirement
 - The Community Safety Partnership Control Strategy
- Measuring the quality of services for users, for ensuring they are delivered in accordance with the Chief Constables' objectives and for ensuring that they represent the best use of resources;
- Defining and documenting the roles and responsibilities of the Chief Constable and the Senior Officers, setting out clear delegation arrangements and protocols for effective communication, and arrangements for challenging and scrutinizing Force activity;
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for officers and staff:
 - Regular publications;
 - Sharing best practice and case studies;
 - Setting standards for new staff at their induction;
 - PRIDE and leadership charters;
 - Professional Standards Department independently reviewing the behaviour and conduct of officers;
 - Health and safety policies;

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

- Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committee – Practical Guidance for Local Authorities; - *Delivering good governance in local government: Guidance note for Police*;
 - provide independent advice and recommendation to both the PCC and the CC on the adequacy of the governance and risk management frameworks, the internal control environment, and financial reporting, thereby helping to ensure efficient and effective assurance arrangements are in place.
 - Review the corporate governance arrangements
 - Monitor the effective development and operation of risk management
 - Consider reports on the effectiveness of internal controls
 - Review arrangements for the assessment of fraud risks and potential harm from fraud and corruption
 - Annually review the internal audit charter and resources
 - Oversee the appointment of, and relationship with, the external auditor
 - Review the annual statement of accounts and consider the external auditor's report to those charged with governance

- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful:
 - Review by Internal Audit and External Audit;
 - Appointment of professionally qualified staff throughout the organisation;
 - Promotion of a culture of professionalism and integrity through the staff charter and the PRIDE values;
 - Advice from the Regional Legal Services department ;
 - Monitoring and oversight through the Professional Standards Department;

- Whistle blowing and for receiving, investigating, and reporting upon complaints from the public, and other stakeholders:
 - Customer service teams to respond to feedback from the public;
 - Professional Standards Department to follow up complaints against police officers;
 - G4S HR to lead and advise on disciplinary issues relating to police staff;
 - Compliance with national standards and processes;

- Determining the conditions of employment and remuneration of officers and staff, within appropriate national frameworks:
 - Professional advice from G4S qualified HR and Finance staff;

- Identifying the development needs of officers, staff and members of G4S staff working on the Lincolnshire Police contract in relation to their roles, supported by appropriate training and linked to the priorities of the Force:
 - Personal Development Reviews for all staff;
 - Ensuring that training needs are fully integrated into project implementation plans;

- Establishing clear channels of communication with all sections of the community and other stakeholders ensuring accountability and encouraging open consultation:
 - Clear communication with the public through the Neighbourhood Policing model;
 - Partnership working to find the best agency for interacting with the public;
 - Use of Key Individual Networks to direct the work of Neighbourhood Policing Teams;
 - Use of Problem Solving Plans to record priorities for local communities;
 - Use of social media;

- Incorporating good governance arrangements in respect of partnerships and other group working and reflecting these in the overall governance arrangements:
 - Established terms of reference, minutes and delivery plans;
 - Multi-agency boards for managing partnerships;
 - Scrutiny by all members, local and central government;
 - Regional collaboration through the Chief Constable's and Deputy Chief Constable's Board;
 - The Force has extended its collaboration within the East Midlands region. This includes various specialist crime areas, Occupational Health, Legal and more recently in respect of specialist operations including Roads Policing and Criminal Justice Administration. These were fully operational in 2015/16. Extensive monitoring and tasking arrangements including standing Governance Boards involving the relevant Force leads exist for all of these collaborations;

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

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

- Processes for setting objectives and targets that support the policing priorities outlined in the Police and Crime Plan, including reporting to the Commissioner. This is done in a manner that recognises the commitment of the Chief Constable to abide by the working principles of the Policing Protocol;

- An operational policing plan is produced in response to the Commissioner's plan;
- The Tactical Tasking and coordinating process is conducted in line with the National Intelligence Model including Daily Management Meetings with Operational managers, an Area Tasking , Force Tasking and Regional tasking meetings which address both the Force objectives and emerging operational risk issues.
- Operational Commanders conference where operational matters can be discussed, risks identified and solutions found;
- Strategic Policing requirement.
- The Community Safety Partnership Control Strategy

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

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

It should be noted that the Force operates, a PEEL Board (based around the three HMIC PEEL inspection pillars) which incorporates what was the Senior Leadership Team meeting, Force Programme Board and Force Transformation Board. The Terms of Reference of the Board are to:

- Develop an overall business change plan to ensure the force is as effective and efficient as possible and able to meet further budgetary and operational challenge
- Ensure the force provides an improved service to the public of Lincolnshire and to implement any review recommendations
- Be the catalyst for new ideas, innovation, research and development to achieve the necessary change
- Provide a monitoring process that will provide the chief officers and OPCC with an overall assessment of the progress of organisational and operational change affecting the force
- Ensure that there is a focus upon outcomes (benefits realisation), not the means of delivery and include all benefits both financial and non-financial

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

Risk Management

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

Risk Registers are a key tool in providing assurance to the Chief Constable demonstrating that risks are being managed effectively through the regular and continued review of the force Risk Register at the Risk Management Board, Chief Officer Group meetings and the Joint Independent Audit Committee.

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

Any recommendations from internal or external audit are reviewed by the force and plans are put into place to address the issues and ensure improvements are made.

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

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

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

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

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

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

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

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

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

The Force Risk Management Board is responsible for the following:

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

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

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

Management of the Strategic Partnership Contract with G4S is performed by the Commercial Partnership Team. This forms part of the Joint Services arrangement with the Commissioner:

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

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

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

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

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

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

The Code of Ethics is based on nine policing principles and ten standards of professional behaviour that will help everyone in policing to do the right thing in the right way. It spells out what the profession expects of all officers, staff and others working in policing, and has practical examples for everyone to use daily.

Review of Effectiveness

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

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

Following an Internal Audit tender process, Mazars LLP were appointed internal auditors for the period April 2015 to March 2019.

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

The Commissioner and Chief Constable have a Joint Independent Audit Committee (JIAC). The JIAC provides advice on matters relating to the adequacy and effectiveness of the financial and other controls, corporate governance, financial and contract regulations and risk management arrangements operated by both the Commissioner and the Chief Constable. The JIAC is subject to an annual self-assessment.

The JIAC has received and considered reports from both Internal and External Audit and monitored the implementation of action plans drawn up to address identified internal control weaknesses. The Performance Governance meetings consider police performance and the Resources Governance meeting considers financial and people resources. The Police and Crime Strategic (P&CS) Boards remit is to consider long-term strategy development, the assurance map, significant and emerging risk areas and the Chief Constable's report.

The effectiveness of the governance framework has been reviewed by the Chief Constable during 2015/16. The review has been informed by:

- Consideration of the Chief Constables risk management regime;
- The code of corporate governance;

- The Integrated Scheme of Governance (ISG) which came into effect on 1 April 2014 and was reviewed in November 2015 that includes the Scheme of Consent, Commissioner's and Chief Constable's Scheme of Delegation and the Financial and Contract regulations;
- Consideration of the Commissioner and Chief Constable's joint assurance map (through both developmental and embedded stages);
- HMIC reporting and work;
- External and internal auditors and their formal reporting;
- Managing change, developing our policing model to meet threat, risk and harm and new technologies, all of which are all discussed at the PEEL Board.

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

HMIC published in November 2015 the second assessment of how well Lincolnshire Police:

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

The HMIC's findings were:

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

The extent to which Lincolnshire Police is efficient at keeping people safe and reducing crime requires improvement.

The extent to which Lincolnshire Police is legitimate at keeping people safe and reducing crime is good.

The reduced grade for Efficiency (i.e. from "Good" in 2015 to "requires improvement" in 2016) reflects HMIC's view that the commitment to maintain current workforce numbers in the face of further savings requirements proposed by the Government was not achievable. HMIC did not accept the underlying assumptions made by the Commissioner in setting out the Chief Constables budget. In particular choosing to disregard the view held by the Chief Constable and Commissioner that something needed to change in relation to funding from Government (in the light of the Home Office commitment to address the funding formula) if the Force were to avoid degradation of service to the public.

The legitimacy inspection examined the Force use of the power to Stop and Search. Findings commented on a lack of understanding by frontline officers to what constitutes reasonable grounds for a search. The overall level of compliance with the Home Office "Best use of Stop and Search" scheme was found to be insufficient. Consequently the force was suspended from the scheme until a satisfactory re-inspection is achieved. The Force has taken action to address compliance issues including the appointment of an organisational lead to implement an agreed action plan which includes the mandatory completion by all officers of the NCALT Stop Search training package, the training of Sergeants and Inspectors through the first and second line supervisors seminars, to improve the quality of supervision and justification of use of the power. The Force is in the process of reinvigorating the ride along scheme (enabling the

community of Lincolnshire to experience first-hand the application of stop and search powers), and is recruiting participants via the Force website. The introduction of Body Worn Video and mobile technology to frontline officers will address many of the issues raised by HMIC.

Outside of the PEEL programme the Force also received a major inspection of its custody provision, by a joint team from HMIP and HMIC. Their findings highlighted that some recommendations had not been fully addressed since the previous inspection in 2011. Detailed Action Plans and action owners have been developed and identified for addressing these issues, which have been provided to HMIC. Progress has been made in several areas, with reporting on a regular basis through the Force PEEL Board arrangements.

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

The Integrated Scheme of Governance (ISG) was introduced in April 2014 to reflect the new governance arrangements arising from the Police Reform and Social Responsibility Act 2011. The JIAC has been consulted on the scheme and its content is reviewed annually. The ISG was reviewed in November 2015 and whilst determined to be fit for purpose required some minor updating. A significant piece of work, initially prompted by internal audit has progressed over the last year in relation to developing a training product for staff to positively attest that they are cognisant of the policies relating to the scheme and the financial and contract regulations. This "e-learning" package is delivered through the National Centre for Applied Learning Technologies (NCALT). The training package was undertaken by relevant staff in December and January and further actions have been identified from this training which are being progressed during 2016/17. The JIAC has been appraised of progress on the scheme and it will continue to be reviewed on a regular basis.

The Chief Constables' risk management arrangements are well developed and well embedded. The JIAC reviews the Chief Constable's risk management strategy on an annual basis and monitors the Chief Constable's strategic Risk Register quarterly. The Chief Constable considers and reviews risk on a monthly basis through management meetings. Internal audit reported a 'green' opinion (satisfactory assurance) on the Chief Constables' risk management arrangements in November 2015. The Risk Register and assurance framework are aligned and drive improvement activity where assurance on the effectiveness of controls needs to be strengthened.

The Chief Constable and the Commissioner have a joint Anti-fraud and Corruption Policy in place which has been reviewed during the year. Quarterly meetings of the Anti-Fraud and Corruption Board ensure that current and emerging risks and issues in relation to anti-fraud and corruption are regularly discussed and reviewed. The JIAC are kept abreast of any issues arising. Mandatory training on counter corruption continued to be delivered to all staff and officers across the organisations via the NCALT e-learning system; raising awareness of issues surrounding police corruption and misconduct. The P&CS Board adopted the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption published in 2014 that will help both organisations to maintain their vigilance to tackle fraud.

The Chief Constable has been advised on the implications of the result of the review of the effectiveness of the governance framework by the executive team and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

Significant Governance Issues

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

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

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

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

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

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

Work is ongoing with the Chief Constable and the Commissioner lobbying to achieve "A fair deal for the people of Lincolnshire, making the case for Lincolnshire getting a better share of the national pot of police funding". Implementation of the formal strategy started in July 2014 and has comprised letters, briefings, visits and meetings with the Home Secretary, Policing Minister, Senior Civil Servants, local MPs and partners. The message shared was that Lincolnshire is not only one of the lowest funded forces in the country but is also a model of efficiency with HMIC Benchmarking showing a very low cost of policing per head of population and significant private sector and regional collaboration.

It was announced in the autumn of 2015 that the implementation of a reformed funding model would be postponed until at least the 2017/18 settlement period. This was due to an error in one of the data sets used by the Home Office, which resulted in incorrect exemplifications being consulted upon.

A balanced budget has been set for 2016/17; futures years contain assumptions on the application of the Funding Formula Review in order to provide for a balanced budget, announcements on the revised timetable for the review are awaited.

Despite significant efforts to mitigate the risk, Lincolnshire's position remains financially constrained and any changes to the Government funding formula are not expected in the short-term. There is concern about the ability of the force to maintain its current level of service to the communities of Lincolnshire beyond 2017.

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

The Commissioner and Chief Constable both have a statutory duty to make the best use of resources available to them. Over the last year the Force has undertaken key work streams

Chief Constable for Lincolnshire – Audited Financial Statements - 2015/16

including: demand management/THRIVE¹; the Policing Model Project² crime prevention and the commencement of the implementation of significant technical solutions such as Body Worn Video and Mobile Technology. Independent assurance is gained through HMIC via the Efficiency pillar of their PEEL inspection programme together with the Value for Money review undertaken by the external auditor. Lincolnshire Police will advance their benefits realisation work into 2016/17 with workshops already held between Force Chief Officers and members of the PCC's Executive team.

Risk of failure to deliver and demonstrate VfM in regional collaboration

The Commissioner and Chief Constable collaborate with the East Midlands region in many operational and back office areas. The Special Operations Unit, Major Crime Unit, Special Branch and Forensics Services have been in place for several years with Occupational Health and Legal Services, Criminal Justice and Operational Support more recently forming collaborative services. The region was successful in receiving a Home Office grant through the Police Innovation Fund. This has supported a major collaborative project led by Lincolnshire Police for the regional deployment of Niche³. Lincolnshire instigated a regional review commissioned by the Regional PCC Board and the Chief Officer Group to examine whether the benefits expressed in original business cases were being realised. The resulting recommendations have been acted on by the leads for each business area and progress reported to the Resource Governance Meeting on a quarterly basis. These action plans are nearing completion. In addition, Baker Tilley has been commissioned to conduct assurance mapping across a number of regional collaborations. The output from this will inform future internal audit plans. As an interim measure internal audit will conduct regional audits of, Officers in Kind, Forensics, Covert Payments and Terms of Reference for the regional PCC Board. These audits form part of the 2016/17 audit plan. Updates are provided to the East Midlands PCC Board and there is a Regional Efficiency Board in place that has oversight of the implementation of the planned savings. Collaboration forms part of the draft joint internal audit strategy and audit plan which was presented to the March 2016 JIAC. This area of business remains under scrutiny via the assurance map.

Anti-Corruption operation "ARGO"

In January 2016, the Force began an investigation following our anti-corruption unit receiving internally, an allegation that staff within the Force Control Room were calling 999, at quiet times, to ensure calls were picked up quickly to improve perceived performance. The force engaged immediately with the Independent Police Complaints Commission and subsequently with the Crown Prosecution Service as the allegations were first covertly and then overtly (from May 2016) investigated. Evidence of inconsistencies were found and an internal disciplinary process (not criminal) remains underway.

Information Risk

During 2015/16 the Force has progressed work on information security. There is a 3-year Accreditation Programme in place for IT systems, of which several systems have been accredited during this period. All systems within the programme have now been accredited at least once. The Force owns information collected for policing purposes, including significant amounts of personal information. The Chief Constable manages his responsibilities (principally

¹ 'THRIVE' (Mnemonic for 'Threat', 'Harm', 'Risk', 'Investigation', 'Vulnerability', 'Engagement') is our new operational model which seeks to appropriately respond to calls for service putting the needs of victims and service users at the heart of what will be a bespoke service

² Project to reshape the existing workforce to better meet the demand from emerging crime types (child sexual exploitation / cyber-crime / modern slavery) whilst continuing to service more traditional demands.

³ Niche is an electronic records management system used for the live time storage and retrieval of key policing information which can be shared by multiple forces.

derived from the Data Protection Act 1998 and the Police Act 1996) through a specific information management governance structure.

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

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

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

Information Asset Owners are aware of their responsibilities with regard to risk within their area of responsibility, with a clear escalation path through the Force Information Management Board and Risk Management Board to the SIRO. Additionally the Information Management Board discusses all risks as an agenda item. All information Asset Owners have completed detailed risk assessments on all of their systems. They have also undertaken Information Asset Owner specific online Information Assurance training.

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

The Force submitted the Public Services Network (PSN) Code of Connection in March 2015 and received PSN accreditation in May 2015. As a result of the PSN Code of Connection, all IT risks identified at MEDIUM or above must be treated.

A number of IT Health Checks were completed during 2015/16 which demonstrated a continued information assurance maturity, with the number and level of risks reducing. There are regular (Bi-weekly) meetings between the Information Assurance and IT staff in order to progress the treatment of risks. There is also a formal monthly meeting between Information Management Unit, IT and Commercial Partnership staff in order to ensure the risks identified through IT Health Checks or system accreditation are mitigated in an appropriate timeframe.

Future Plans

Over the coming year where necessary we will continue our plans to address the above matters and to further enhance our governance arrangements. These steps will address the need for improvements that were identified in the review of effectiveness and their implementation will be monitored as part of our next annual review.

SIGNED

Neil Rhodes
Chief Constable for Lincolnshire
Date 8 August 2016

Chief Finance Officer's Narrative Report

Introduction

I am pleased to present the Statement of Accounts for the Chief Constable of Lincolnshire for the financial year 2015/16. This Statement of Accounts sets out the overall financial position of the Chief Constable for Lincolnshire, for the year ended 31 March 2016.

A separate set of accounts has been published for the Police and Crime Commissioner and the Police and Crime Commissioner Group which consolidates the Chief Constable's Accounts and also recognises all of the transactions incurred during 2015/16 for policing in Lincolnshire.

The accounts have been compiled in accordance with, the Accounts and Audit Regulations 2015, the Code of Practice on Local Authority Accounting 2015/16 and also the Service Reporting Code of Practice (SeRCOP) 2015/16. The accounts are prepared in accordance with the codes to provide the reader with a "true and fair" view of the financial position at the year end and the income and expenditure for the year.

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

As in the previous year the pension liability has been split between the PCC and CC. Similarly the major contract with G4S held by the PCC for the provision of a wide range of operational and support functions to the Chief Constable has been accounted for in the Chief Constable's accounts in its entirety. The amount which would relate to the PCC, if apportioned, would not warrant a separate disclosure.

The Accounts

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

Statement of Responsibilities

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

Annual Governance Statement

The Chief Constable must prepare and publish an annual governance statement in accordance with the "Delivering Good Governance" guidance and in order to meet the statutory requirements set out in the Accounts and Audit Regulations 2015.

Accounting Statements

The main statements are as follows:

Movement in Reserves Statement

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

Comprehensive Income and Expenditure Statement

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

Balance Sheet

This represents the financial position as at 31 March 2016; it shows the balances and reserves available for disposal together with the long-term and current assets employed. The Chief Constable does not account for fixed assets. The assets and liabilities are held by the PCC. The only reserves held are for the Pension Liability held by the Chief Constable. Accruals relating to the costs of operational policing together with balances in relation to the pension schemes for police officers and staff have been included.

Cash Flow Statement

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

Notes to the Accounts

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

Police Officer Pensions – Home Office Memorandum Account

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

Financial Performance

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

Chief Constable for Lincolnshire	2014/15	2015/16
	£m	£m
Original Delegated Budget	81.7	81.8
Outturn	79.9	81.2
Underspend	(1.8)	(0.6)

Actual spending for the Chief Constable in 2015/16 was £0.6 million lower than the original budget. (The Chief Constable's expenditure is shown in more detail in note 15). This was mainly due to Police Officer numbers being lower than anticipated at the start of the year together with reductions in the running costs budget resulting from ongoing reviews of spend to drive out budget savings for the future. These savings were utilised to provide earmarked reserves for specific projects to invest in capital developments thereby reducing borrowing

costs and to help fund future revenue budgets. Full details of reserves held are included within the Police and Crime commissioners Accounts.

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

Apportionments of expenditure have been necessary in order to assign monetary values to each of the nine divisions of the service; these have been undertaken in accordance with Service Reporting Code of Practice. Apportionments have been based primarily upon the allocation of officers and staff across services, together with a proportional share of their overheads. A further allocation of central support service costs has been made across all services based on an appropriate allocation method.

Performance Information

Force Performance continues to be good:

- Levels of overall recorded crime increased by 2.0% (702 offences) when compared to the previous year, with an improving 5 year trend. Whilst crime is marginally higher, the Force is ranked fifth nationally, first in comparison to our five regional forces and third out of eight most similar forces.
- Burglary Dwelling is 0.5% lower (9 offences) when compared to last year and has an improving 5 year trend. The Force is ranked twenty-first nationally, first regionally and eighth with our most similar forces.
- *Violence against the person* with Injury is 16.7% higher (537 offences) when compared to last year with a slightly increasing 5 year trend. The Force ranking is still extremely good ranked fourth nationally, second regionally and first with our most similar forces.
- Anti-social Behaviour Incidents have decreased forcewide by 4.6% (974 incidents) when compared to last year with an improving 5 year trend.
- The Crime Survey for England & Wales, (latest information is for September 2015) shows the overall confidence indicator is 73.6%, which is an increase of 1.5% from the previous quarter. The force is on track to meet the 70% indicator of good performance by May 2016.

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

Pensions

The reporting requirement known as IAS 19 “Retirement Benefits” features in the CC accounting statements. This is a complex accounting standard but is based on a simple principle, i.e. that an organisation should account for retirement benefits when the commitment to give them is made, even if the actual liability will be many years into the future.

The CC operates two schemes, both of which have been approved by Parliament. The Local Government Pension Scheme (LGPS) is funded and has assets to meet the future liabilities. On 1 April 2014 a new LGPS was created, whilst remaining a defined benefit scheme, the way that part of the pension is calculated changed with a “new career average” pension scheme being introduced. The new arrangements maintain all service prior to this date on a final

salary basis with future benefits being based on pay (which now also includes non-contractual overtime) each scheme year rather than final salary. Transitional arrangements and protections for those approaching retirement age were also implemented. The effect of these new arrangements is included within the pension disclosures of these accounts.

The other scheme for police officers is unfunded (or “pay as you go”) with payments being made from the Home Office Police Officer Pensions Account as they become due. Major reform of this scheme occurred on 1 April 2015. The Police pension scheme is a defined benefit occupational pension scheme which is guaranteed and backed by law. The scheme changed from a Final salary scheme to a Career Average Revalued Earnings scheme (CARE), members of the 1987 and 2006 final salary schemes received transitional protection.

Since 2004/05, there is a requirement to disclose in the financial statements the full effect of IAS 19. The Comprehensive Income and Expenditure Statement has been designed to include the cost of retirement benefits when they are earned by employees rather than when the benefits are eventually paid as pensions. The statement shows that the actuary has identified a significant decrease in the liabilities of both schemes during the year which results in a lower total pensions liability at 31st March 2016. The reason for this change in both schemes is a revision to the financial assumptions made by the actuary, specifically the rate for discounting scheme liabilities. Full details are given in Note 23 to the accounts.

The total pension liability for the two schemes is shown in the Balance Sheet and has a significant impact, in terms of the overall value of the Balance Sheet. As is common with pension funds the Local Government Pension Scheme and the Police Pension Scheme have a net liability balance at year end. That is, the present value of the fund obligations exceeds the fair value of the employer assets in the fund. The total reported pension liability of the two schemes (which is offset in the Balance Sheet by the Pensions Reserve) has decreased over the past year.

Full details of the Pensions accounting entries are shown in the notes to the accounts. It is important to emphasise that these are not new liabilities; they have always existed and been paid for on an annual basis from the revenue budget and funded separately by the Home Office in the case of the Police Officer scheme. Due to the nature of pension funds, the liability cannot occur immediately as it represents benefit payments to pensioners over their lifetime. A significant proportion of the membership is also still actively contributing to the fund. The physical and cash reserves of the PCC Group are unaffected.

From 1 April 2006, a new method of financing the annual cost of police officer pensions was introduced by the Government with a separate Memorandum Pensions Account being created. All payments are made to retired officers out of this account, and income received from Government to offset the net cost of the account after serving officer contributions have been deducted. This has smoothed the burden on the PCC and Chief Constable of budgeting for the increasing costs of police officer pensions.

Capital Expenditure

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

equivalent to the depreciation, impairment and financing costs the PCC incurs in acquiring those assets.

Assets and Liabilities

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

The CC has recognised £153k in provisions in the financial statements at 31 March 2016. These relate to estimated costs incurred but not yet paid for termination benefits of employment.

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

Prospects for 2016/17 and beyond

The financial year 2015/16 was the fifth consecutive year of a government imposed austerity programme arising from the Comprehensive Spending Review 2010 to address the national budget deficit due to the international banking crises.

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

"HMIC found that Lincolnshire Police is partly prepared to face its future financial challenges. It has balanced the budget and has a good track record of achieving savings. However future plans beyond 2016 are projecting a budget deficit, meaning that a commitment made by the force to maintain current workforce numbers will not be achievable. In last year's value for money inspection, which considered how forces had met the challenge of the first spending review period, Lincolnshire was judged to be good."

Since this review a number of events have had a significant impact on the financial picture for the Force. Firstly, the Home Office Review of the Police Funding Formula was progressed to the final stage of consultation, based on the exemplification of the results of the new formula on all Forces. These showed that Lincolnshire would receive in the order of an additional £8 million in Formula Grant share. Unfortunately, following this announcement an error was found in one of the indices used in the new formula. Whilst this did not significantly change the allocation to Lincolnshire, the Home Office could no longer proceed with their review on this basis and a delay in the review was announced. Details on the recommencement of the review are currently awaited.

The Government announced its grant settlement for the 2016/17 financial year in December 2015. Recognising the increasing pressures on Police resources, Government announced that no Force would receive a real terms reduction in resources provided the council tax precept was increased by the maximum allowed. In reality this resulted in a small cash reduction in grant for Lincolnshire and continued the old distribution mechanism which had been acknowledged by the Home Office in their consultation as not being fit for continued use.

Future settlements during the Spending Review period were not announced, whilst indicative figures were included in the settlement details on components, uncertainty around the Funding Formula Review and the potential requirement to make further savings by 2019 make the position unclear.

A balanced budget for 2016/17 has been set based on further savings in the Chief Constables budget and the use of £2.4 million of earmarked reserve specifically allocated for Budget Flexibility. The Medium Term Financial Plan provides for balanced budgets through to 2019/20 based on a prudent assumption of an additional £6 million of Funding Formula grant by the end of the planning period. This assumption together with the use of the remainder of the budget flexibility reserve has enabled balanced budgets to be set across the period. While the Funding Formula Review remains undetermined there is the risk of a significant degradation of service from 2017 onwards resulting from lower numbers of Police Officers PCSOs and Police Staff.

In order to provide the required assets (in the form of equipment, vehicles and buildings) for operational use by the Chief Constable, the PCC has approved a capital programme of £7.2 million in 2016/17. The programme includes:

- Significant investment in the Force estate, including a major collaborative programme of work with the other Emergency services;
- Replacement programme for vehicles;
- ICT Enhancements.

Impact of the current economic climate

As part of the budget process the Chief Constable has consulted with the Police and Crime Commissioner on the inclusion of an allowance for changes in specific items such as inflation and, where due, pay awards. In 2016/17 allowance was required to meet the significant cost of the Governments new State Pension arrangements which resulted in an increase of £1.4 million in the Chief Constable's National Insurance Costs. Future allocations of Police Funding will be dependent on the outcome of the Home Office Funding Formula Review and the requirements for either further savings from the Police service and/or the absorption of centrally imposed cost increases within the existing resources.

Antony Tomlinson

Antony Tomlinson BA CPFA
Chief Finance Officer to the Chief Constable

Statement of Responsibilities for the Statement of Accounts

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

<p>Responsibilities of the Chief Constable:</p> <p>The Chief Constable is required to</p> <ul style="list-style-type: none"> • Make arrangements for the proper administration of the financial affairs of Lincolnshire Police and to secure that one of its officers has the responsibility for the administration of those affairs, which for the Chief Constable is the Force Chief Finance Officer; • To manage affairs of Lincolnshire Police to secure economic, efficient and effective use of resources and to safeguard its assets; and • Approve the Statement of Accounts. 	<p>Responsibilities of the Force Chief Finance Officer:</p> <p>The Force Chief Finance Officer is responsible for the preparation of the Chief Constable's Statement of Accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).</p> <p>In preparing this Statement of Accounts, the Force Chief Finance Officer is responsible for:</p> <ul style="list-style-type: none"> • Consistently applying suitable accounting policies; • Ensuring judgements and estimates are reasonable and prudent; • Compliance with the Local Authority Code; • Ensuring proper accounting records are kept and processes are in place to prevent and detect fraud and other irregularities.
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<p>I approve the audited Statement of Accounts</p>	<p>I certify that the Financial Statements present a true and fair view of the financial position of the Chief Constable for Lincolnshire as at 31 March 2016 and the Income and Expenditure for the year then ended.</p>
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<p>Neil Rhodes Chief Constable for Lincolnshire</p> <p>Date : 8 August 2016</p>	<p>Antony Tomlinson Force Chief Finance Officer</p> <p>Date: 8 August 2016</p>
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Chief Constable for Lincolnshire Movement in Reserves Statement 2015/16

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

Chief Constable	Capital Receipts Reserve £000	Earmarked Reserves £000	General Fund Balance £000	Total Usable Reserves £000	Unusable Reserves £000	Total Chief Constable Reserves £000
Restated Balance at 31 March 2014 carried forward	-	-	-	-	(1,105,563)	(1,105,563)
Movement in Reserves during 2014/15						
Deficit on the provision of services	-	-	(40,638)	(40,638)	-	(40,638)
Other Comprehensive Income and Expenditure	-	-	-	-	(168,799)	(168,799)
Total Comprehensive Income and Expenditure	-	-	(40,638)	(40,638)	(168,799)	(209,437)
Adjustments between accounting basis and funding basis under regulations (note 4)	-	-	40,638	40,638	(40,638)	-
Net Increase / Decrease before Transfers to Earmarked Reserves	-	-	-	-	(209,437)	(209,437)
Transfers to/from Earmarked Reserves	-	-	-	-	-	-
Increase/(Decrease) in 2014/15	-	-	-	-	(209,437)	(209,437)
Balance at 31 March 2015 carried forward	-	-	-	-	(1,315,000)	(1,315,000)
Movement in Reserves during 2015/16						
Deficit on the provision of services	-	-	(28,517)	(28,517)	-	(28,517)
Other Comprehensive Income and Expenditure	-	-	-	-	201,449	201,449
Total Comprehensive Income and Expenditure	-	-	(28,517)	(28,517)	201,449	172,931
Adjustments between accounting basis and funding basis under regulations (Note 4)	-	-	28,517	28,517	(28,517)	-
Net Increase / Decrease before Transfers to Earmarked Reserves	-	-	-	-	172,931	172,931
Transfers to/from Earmarked Reserves	-	-	-	-	-	-
Increase/(Decrease) in 2015/16	-	-	-	-	172,931	172,931
Balance at 31 March 2016 carried forward	-	-	-	-	(1,142,068)	(1,142,068)

Chief Constable for Lincolnshire

Comprehensive Income and Expenditure Statement

2015/16

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

2014/15				2015/16			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Note		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
53,096	(2,287)	50,809		Local Policing	49,816	(1,900)	47,916
7,535	(83)	7,452		Dealing with the Public	7,423	(161)	7,262
10,811	(391)	10,420		Criminal Justice	7,970	(372)	7,598
5,893	(1,224)	4,669		Road Policing	1,931	(1,133)	798
6,027	(654)	5,373		Specialist Operations	8,332	(598)	7,734
5,877	(64)	5,813		Intelligence	7,052	(58)	6,994
29,364	(572)	28,792		Investigation	29,178	(647)	28,532
2,676	(72)	2,604		Investigative Support	2,899	(67)	2,832
3,186	(868)	2,318		National Policing	2,200	(958)	1,242
475	-	475	17	Corporate and Democratic Core	578		578
107	-	107	17	Non Distributed Costs: Other	-	-	-
125,047	(6,216)	118,831	16	Cost of Services	117,378	(5,894)	111,484
1,155	(675)	480	5	Other Operating Expenditure	1,342	(591)	752
47,062	-	47,062	6	Financing and Investment Income and Expenditure	42,044	-	42,044
	(125,735)	(125,735)	7	Income - Intra-group funding		(125,763)	(125,763)
173,264	(132,626)	40,638		Deficit on the Provision of Services	160,765	(132,248)	28,517
168,799	-	168,799	23	Actuarial (Gains) or Losses on Pension Assets and Liabilities	(201,449)	-	(201,449)
168,799	-	168,799		Other Comprehensive Income and Expenditure	(201,449)	-	(201,449)
342,063	(132,626)	209,437		Total Comprehensive Income and Expenditure	(40,684)	(132,248)	(172,931)

A significant change has occurred in the analysis of service expenditure between 2014/15 and 2015/16. This is not due to any fundamental change in the way services are provided, rather a redefinition of service expenditure lines has been undertaken in the light of changes made by the Home Office to the officer and police staff Annual Data Return (ADR).

These changes have resulted in a movement in the base numbers providing an improved allocation in 2015/16, but as this is an estimate, no prior year adjustment is required.

For example there is a movement between Road Policing and Specialist Operations which results from a redefinition of Firearms Officers rather than a reallocation of resources.

A significant change has occurred in Non Distributed Costs: Other. In 2015/16 the Force was successful on behalf of Regional Forces in receiving funding from the Home Office Innovation Grant Scheme towards the costs of implementing a Regional Criminal Justice system called Niche. The work to procure and implement the system was undertaken in accordance with the

contract arrangements with the Strategic Partner G4S. The Income and Expenditure relating to this grant have been recorded in the Non Distributed Costs section of the statement as these costs are not directly attributable to policing in Lincolnshire.

Chief Constable for Lincolnshire

Balance Sheet

As at 31 March 2016

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

2014/15 £000	Note		2015/16 £000
-		Property, Plant and Equipment	-
-		Investment Property	-
-		Intangible Assets	-
-		Assets Held for Sale	-
-		Long-Term Assets	-
-		Short-Term Investments	-
-		Inventories	-
1,801	8	Short-Term Debtors	1,406
-		Cash and Cash Equivalents	-
1,801		Current Assets	1,406
-		Short-Term Borrowing	-
(1,801)	9	Short-Term Creditors	(1,406)
-		Other Short Term Liabilities	-
(17)	10	Short-Term Provisions	(16)
-		Capital Grants Receipts in Advance (< 1 yr)	-
(1,818)		Current Liabilities	(1,422)
-		Long-Term Borrowing	-
(1,314,835)	23	Pension Liabilities	(1,141,916)
-		Other Long-Term Liabilities	-
(149)	10	Long-Term Provisions	(137)
(1,314,984)		Long-Term Liabilities	(1,142,053)
(1,315,000)		Net Assets	(1,142,068)
-		Usable Reserves	-
(1,315,000)	11	Unusable Reserves	(1,142,068)
(1,315,000)		Total Reserves	(1,142,068)

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

Chief Constable for Lincolnshire

Cash Flow Statement

2015/16

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

2014/15 £000	Note		2015/16 £000
40,638		Net Deficit on the Provision of Services	28,517
(40,638)	13	Adjustments to net deficit on the provision of services for non-cash movements	(28,517)
-		Adjustments for items included in the net deficit on the provision of services that are investing and financing activities	-
-		Net Cash Outflows from Operating Activities	0
-		Investing Activities	-
-		Financing Activities	-
-		Net (Increase) or Decrease in Cash and Cash Equivalents	0
-		Cash and Cash Equivalents at the Beginning of the Reporting Period	-
-		Cash and Cash Equivalents at the End of the Reporting Period	(0)

Chief Constable for Lincolnshire

Notes to the Accounts

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

1. Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Chief Constable's transactions for the 2015/16 financial year and its position at the year end of 31 March 2016. The Chief Constable is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which require the statements to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the Service Reporting Code of Authority Accounting 2015/16, supported by International Financial Reporting Standards.

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

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

1.2 Prior period adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

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

1.3 Accruals of Income and Expenditure

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

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

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;

1.4 Non-Current Assets – Property, Plant and Equipment

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

1.5 Provisions

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

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

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

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

1.6 Contingent Liabilities

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

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

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

- It is not probable that an outflow of economic benefits or service potential will be required to settle the obligation, or
- The amount of the obligation cannot be measured with sufficient reliability at the year end.

1.7 Contingent Assets

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

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

1.8 Cost of Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Chief Constable's status as a multifunctional organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

1.9 Value Added Tax (VAT)

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

1.10 Events after the Reporting Period

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

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

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

1.11 Recognition of Revenue (Income and Expenditure)

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is recognised only when it is probable that the economic benefits or service potential associated with the transaction will flow to the Chief Constable.

1.12 Reserves

Usable Reserves

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

Unusable Reserves

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

1.13 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Chief Constable. A provision is made for the cost of unused leave earned by employees, but not taken before the year-end.

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Chief Constable to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Chief Constable can no longer withdraw the offer of those benefits or when the Chief Constable recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Chief Constable to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-employment Benefits

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

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

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

The Local Government Pension Scheme

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

- The liabilities of the Lincolnshire pension fund attributable to the Chief Constable are included in the Balance Sheet on an actuarial basis using the projected unit method – ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of earnings for current employees;
- Liabilities are discounted to their value at current prices, using a discount rate of 3.5% (based on the indicative rate of return on high quality AA index corporate bonds);
- The assets of Lincolnshire pension fund attributable to the Chief Constable are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price;
 - Unquoted securities – professional estimate;
 - Unitised securities – current bid price;
 - property – market value.

The Police Officer Pension Scheme

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

- The liabilities of the Lincolnshire pension fund attributable to the Chief Constable are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees;
- Liabilities are discounted to their value at current prices, using a discount rate of 3.5% (based on the indicative rate of return on high quality AA index corporate bonds).

Pension Scheme Policies

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

- Service cost comprising:
 - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;

- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- Net interest on the net defined benefit liability (asset), ie net interest expense for the Chief Constable – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
 - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - Contributions paid to the Lincolnshire pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

1.14 Police Officer Pensions – Home Office Memorandum Account

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

1.15 Joint Operations

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

2. Judgements in applying Accounting Policies

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

- For retirement benefits, the interpretation of CIPFA guidance differs from that of the Code itself. CIPFA guidance expects plan assets to be included in our financial statements, but the Code says not to include them. The impact of this on the General Reserve is reversed through the Movement in Reserves Statement, with a corresponding entry in the Pensions Reserve. The Chief Constable and the Chief Finance Officer have concluded that this approach presents a true and fair view of the Chief Constable's financial position, financial performance and cash flow;
- G4S joined Lincolnshire Pension Fund as a new Transferee Admission Body on 1 April 2012 on a "pass through" arrangement for a contract term of 10 years. Lincolnshire Police are considered to be the principal rather than merely an agent in these transactions as they retain responsibility for the liabilities. Hence, the IAS19 results as at 31 March 2016 reflect the combined G4S and Lincolnshire Police pension fund assets and liabilities.

3. Assumptions made about the future and other major sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the entity about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Chief Constable's Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are described below. The main area of fluctuation is the assessment of pensions' assets and liabilities. Hence, these are considered separately.

Estimation Uncertainties

Item	Uncertainties	Effect if actual results differ from assumptions
Pension liability £1,141,916k	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.</p> <p>A firm of consulting actuaries is engaged to provide the CC with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pensions liability of changes in individual assumptions have been measured and described in the tables below.</p> <p>The tables give an indication of the impact of changes in the main assumptions but are not an exhaustive list of the variables involved.</p>
Actuarial Assumptions £1,141,916k	The actuaries have assumed that CPI will be approximately 1% p.a. below RPI on average.	As a market in CPI linked bonds does not exist the actuaries need to make an estimate of the long term gap between RPI and CPI in order to arrive at a CPI assumption for the accounts. The assumption that CPI will be 1% below RPI on average leads to future service costs being around 8% lower than if the RPI indicator was used.
Accumulated Absences £1,406k Reduction in year of £395k	<p>The calculation is based on the balance of hours owed to or owing by each individual recorded in the Duty Management System which includes Annual Leave, Time Off In Lieu and Rest Days in Lieu.</p> <p>Adjustments have been made to remove negative balances and reduce high carry forward balances that significantly exceed policy.</p> <p>Annual Leave is restricted to 5 days, as per policy. The hourly rate used is based on the average pay from the March payroll files.</p>	If we used the information directly from the system without adjustments the results would be £240k overstated.

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

Change in financial & demographic assumptions	Approximate percentage increase likely to employer liability	Approximate monetary amount (£m)
0.1% decrease in the Real Discount Rate	9%	99.3
1 year increase in member life expectancy	3%	32.7
0.5% increase in the Salary Increase Rate	1%	13.7
0.5% increase in the Pensions Increase Rate (CPI)	8%	84.4

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

Change in financial & demographic assumptions	Approximate percentage increase to projected current service cost	Approximate monetary amount (£m)
0.1% decrease in the Real Discount Rate	11%	2.23
1 year increase in member life expectancy	2%	0.44
0.5% increase in the Salary Increase Rate	2%	0.49
0.5% increase in the Pensions Increase Rate (CPI)	8%	1.70

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

Change in financial & demographic assumptions	Approximate percentage increase likely to employer liability	Approximate monetary increase (£m)
0.5% decrease in the Real Discount Rate	12%	18.15
1 year increase in member life expectancy	3%	4.37
0.5% increase in the Salary Increase Rate	4%	5.99
0.5% increase in the Pensions Increase Rate	8%	11.86

4. Adjustments between Accounting Basis and Funding Basis Under Regulations

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

Restated 2014/15 CC Comparative Figures	Usable Reserves			Movement in Usable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to (or from) the Pensions Reserve)	40,638			(40,638)
Council tax (transferred to or from Collection Fund)				-
Holiday pay (transferred to the Accumulated Absences Reserve)				-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):				-
Total Adjustments to Revenue Resources	40,638			(40,638)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve				-
Administrative costs of non current asset disposals (funded by a contribution from the Capital Receipts Reserve)				-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)				-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)				-
Total Adjustments between Revenue and Capital Resources	-	-		-
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure				-
Application of capital grants to finance capital expenditure				-
Total Adjustments to Capital Resources	-	-	-	-
Total Adjustments	40,638	-	-	(40,638)

2015/16 CC	Usable Reserves			Movement in Usable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to (or from) the Pensions Reserve)	28,517			(28,517)
Council tax (transferred to or from Collection Fund)				-
Holiday pay (transferred to the Accumulated Absences Reserve)				-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):				-
Total Adjustments to Revenue Resources	28,517			(28,517)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve				-
Administrative costs of non current asset disposals (funded by a contribution from the Capital Receipts Reserve)				-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)				-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)				-
Total Adjustments between Revenue and Capital Resources	-	-		-
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure				-
Application of capital grants to finance capital expenditure				-
Total Adjustments to Capital Resources	-	-	-	-
Total Adjustments	28,517	-	-	(28,517)

5. Other Operating Expenditure

2014/15				2015/16		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
430	-	430	Levies	660	-	660
725	(675)	50	Seconded Officers	682	(591)	91
1,155	(675)	480		1,342	(591)	752

Levies are the Chief Constables contributions towards national police computing systems provided by the Home Office.

6. Financing and Investment Income and Expenditure

2014/15				2015/16		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
47,062	-	47,062	Pensions Interest Cost and Expected Return on Pensions Assets	42,044	-	42,044
47,062	-	47,062		42,044	-	42,044

7. Intra-group Financing

An annual intra-group transfer of funds is made by the PCC to the Chief Constable. This intra-group transfer will equal the income requirement for the Chief Constable.

8. Debtors

	2014/15 £000	2015/16 £000
Amounts falling due within one year:		
PCC guarantee for accumulated absences liability	1,801	1,406
Total Debtors falling due within one year	1,801	1,406

9. Creditors

	2014/15 £000	2015/16 £000
Accumulated absences	(1,801)	(1,406)
Total Short-Term Creditors	(1,801)	(1,406)

10. Provisions

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

Short Term Provisions	Termination Benefits of £000	Total £000
Balance at 31 March 2015	(17)	(17)
Additional Provisions Made In 2015/16		-
Amounts Used In 2015/16	1	1
Unused amounts reversed in 2015/16	-	-
Balance at 31 March 2016	(16)	(16)

Long Term Provisions	Termination Benefits of Employment £000	Total £000
Balance at 31 March 2015	(149)	(149)
Additional Provisions Made In 2015/16	-	-
Amounts Used In 2015/16	12	12
Unused amounts reversed in 2015/16	-	-
Balance at 31 March 2016	(137)	(137)

11. Pensions Reserve

Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

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

2014/15 £000		2015/16 £000
(1,105,563)	Balance at 1 April	(1,315,000)
(168,799)	Actuarial gains or (losses) on pensions assets and liabilities	201,449
(74,424)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(70,060)
33,784	Employer's pensions contributions and direct payments to pensioners payable in the year	41,529
2	Other unfunded termination benefits	14
(1,315,000)	Balance at 31 March	(1,142,069)

12. Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2014/15 £000		2015/16 £000
(2,634)	Balance at 1 April 2015	(1,801)
2,634	Settlement or cancellation of accrual made at the end of the preceding year	1,801
(1,801)	Amounts accrued at the end of the current year	(1,406)
833	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	395
(1,801)	Balance at 31 March 2016	(1,406)

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

2014/15 £000		2015/16 £000
	Depreciation of Non-Current Assets	
	Impairment and Downward Valuations of Non-Current Assets	
	Amortisation of Intangible Assets	
	Amortisation of Government Grant and Other Contributions	
	Increase in Impairment Provisions for Bad Debts	
(833)	Increase/(Decrease) in Creditors	(395)
833	(Increase)/Decrease in Debtors	395
	(Increase)/Decrease in Inventory	
(40,641)	Pension Liability	(28,530)
	Carrying Amount of Non-Current Assets Sold	
3	Contributions to Provisions	13
	Other Non-Cash Items Charged to the Net Deficit on the Provision of Services	
(40,638)	Non Cash Movements	(28,517)

14. Audit Committee Allowances and Expenses

The amount paid to members of the Joint Independent Audit Committee equated to £5,045 for the year compared to £8,534 in 2014/15.

15. Amounts Reported for Resource Allocation Decisions

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

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

Directorate Income and Expenditure 2014/15	Chief Constable £000	Joint Services £000	Total £000
Fees, charges & other service income	(1,751)	(113)	(1,864)
Council Tax			-
Government grants			-
Total Income	(1,751)	(113)	(1,864)
Employee expenses	70,825	960	71,785
Other operating expenses	10,916	717	11,633
Total Expenditure	81,741	1,677	83,419
Net Expenditure	79,990	1,564	81,554

Directorate Income and Expenditure 2015/16	Chief Constable £000	Joint Services £000	Total £000
Fees, charges & other service income	(3,050)	(246)	(3,296)
Council Tax			-
Government grants			-
Total Income	(3,050)	(246)	(3,296)
Employee expenses	69,699	1,230	70,929
Other operating expenses	14,513	574	15,087
Total Expenditure	84,212	1,805	86,017
Net Expenditure	81,162	1,559	82,721

Reconciliation of Subjective Analysis

Reconciliation to subjective analysis	2014/15 £000s	2015/16 £000s
Reported Budget Deficit	81,554	82,721
Intra Group Financing	(125,736)	(125,074)
Other Movements	84,820	70,870
Deficit on the Provision of Services with the Comprehensive Income and	40,638	28,517

Reconciliation to subjective analysis	Directorate Analysis £000	Net Expenditure NOT in Analysis £000	Net Expenditure NOT in I&E £000	Total £000	Net Expenditure NOT in I&E £000	Total £000
Fees, charges & other service income	- 3,050	-	-	3,050	-	3,050
Intra Group Funding	-	-	125,763	125,763	125,763	-
Council Tax	-	-	-	-	-	-
Government grants	-	-	-	-	-	-
Total Income	- 3,050	-	125,763	128,813	125,763	3,050
Employee expenses	69,699	113,289	-	182,988	-	182,988
Other operating expenses	14,513	-	752	15,265	752	14,513
Net Movement in Reserves	-	-	-	-	-	-
Financing & Investment	-	-	42,044	42,044	42,044	-
Total Expenditure	84,212	113,289	42,796	240,297	42,796	197,501
Net Expenditure	81,162	113,289	82,967	111,484	82,967	194,451

16. Gross Expenditure and Income

The Comprehensive Income and Expenditure Statement has been prepared using the service expenditure analysis for Police Services as detailed in the 2015/16 Service Reporting Code of Practice (SerCOP).

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

Note that the prior year figures have been restated to ensure comparatives are consistent. There is no change overall to the total.

2014/15 £000	Operating Cost	2015/16 £000
46,704	Police Pay and Allowances	47,843
15,590	Police Staff Pay and Allowances	17,150
794	Other Employee Expenses	830
898	Police Pensions - Ill Health Retirements	1,099
23,850	Pension costs	17,891
2,836	Premises	2,491
1,802	Transport	1,881
8,306	Supplies and Services	8,354
21,229	Third Party Payments	20,560
3,030	Support Services	(720)
7	Capital Financing	0
(6,216)	Income from Grants, Fees and Charges	(5,894)
118,831	Net Cost of Services	111,485

17. Corporate and Democratic Core and Non-Distributed Costs

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

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

	2014/15 £000	2015/16 £000
Police Services	118,249	110,906
Corporate and Democratic Core	475	578
Non Distributed Costs	107	-
Net Cost of Services	118,831	111,484

18. Joint Operations

Regional Collaboration

The East Midland Regional Collaboration consists of:

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

New for 2015/16:

- East Midlands Criminal Justice (EMCJS) – Lead body Leicestershire – Finance Lincolnshire
- East Midlands Operational Support Services (EMOpSS) including Armed Policing Training and Serious Collision Investigation Unit – Lead body Lincolnshire

As all assets, liabilities and reserves are held by the PCC, only the operational policing costs have been shown in the Chief Constable's Comprehensive Income & Expenditure Statement. The PCC's share of assets and liabilities is included in the PCC Group accounts. The transactions relating to Lincolnshire's share of a five Force collaboration is set at 12.9%, in the case of 4 Force collaborations such as EMOpSS, Lincolnshire's share is 16.5% of revenue expenditure. These allocations from regional forces have been included in the Comprehensive Income and Expenditure Statement.

Lincolnshire's share of Regional Comprehensive Income and Expenditure Statement as at 31 March 2016

2014/15		2015/16
£000		£000
636	Police Pay and Allowances	1,261
1,470	Police Staff Pay and Allowances	1,662
40	Other Employee Expenses	73
27	Premises	40
110	Transport	368
441	Supplies and Services	547
0	Support Services	-
25	Agency and Contracted Services	16
59	Depreciation	68
-	Amortisation	1
2	Capital Financing	76
2,810	Gross Operating Expenditure	4,113
(83)	Other Income	(142)
	(Gains) or Losses on Revaluation of Non-Current Assets Held for Sale	19
-	(Gains) or Losses on Disposal of Non-Current Assets	0
2,727	Amount to be met from Partners	3,991
	Financed by:	
(2,474)	Contributions from Partners	(3,595)
(402)	External Grants	(400)
(175)	Capital Grants & Contributions	(47)
(324)	Deficit on the Provision of Services	(52)
-	(Surplus) or Deficit on the Provision of Services	
-	Other Comprehensive Income and Expenditure	-
(324)	Total Comprehensive Income and Expenditure	(52)

Partnerships Outside Scope of Collaborative Arrangements

Lincolnshire Road Safety Partnership

Lincolnshire Road Safety Partnership (LRSP) was formed in order to reduce the number of people killed or injured on Lincolnshire's roads. LRSP is a unique multi-agency partnership that brings together road safety professionals from the Police, Lincolnshire County Council, Fire & Rescue, the NHS, the Highways Agency and the Probation Service.

As well as the time of Roads Policing Officers, Lincolnshire Police were not required to make a cash contribution to the partnership in 2015/16 (£51k in 2014/15).

19. Remuneration of Senior Officers

Remuneration includes all sums paid to or receivable by an employee. Pension contributions payable by the employer are excluded. The Accounting Code of Practice requires detailed disclosure for specific senior officers. These are disclosed in the tables below.

2014/15 Senior Officers' Remuneration

2014/15 Senior Officers' Remuneration	Notes	Salaries, fees or allowances £	Performance related pay £	Other benefits receivable in the role £	Total remuneration excluding pension contributions 2014/15 £	Employer's pension contribution £	Total remuneration including pension contributions 2014/15 £
Police officers							
Chief Constable		145,581	-	2,344	147,925	33,956	181,881
Temporary Deputy Chief Constable	Left 29.10.14	65,591	-	2,344	67,935	15,351	83,286
Temporary Deputy Chief Constable*		108,474	-	10,255	118,729	24,991	143,720
Assistant Chief Constable 1**		84,427	3,125	6,838	94,391	19,748	114,138
Temporary Assistant Chief Constable 2***		90,691	-	7,623	98,314	21,167	119,481
Police Staff of the Chief Constable							
Assistant Chief Officer (Resources)****		93,475	-	8,812	102,288	18,602	120,890
Chief Finance Officer		55,830	-	-	55,830	11,111	66,941

Key for 2014/15 Senior Officers' Remuneration

* Was ACC until Temp promotion to DCC on 13/9/14

** Was on a career break and returned w ef 30/6/14. Performance related pay related to whilst seconded to CEOP

*** Returned to the rank of Ch Supt w ef 1/9/14

**** Commenced w ef 9/6/14

2015/16 Senior Officers' Remuneration

2015/16 Senior Officers' Remuneration	Notes	Salaries, fees or allowances £	Performance related pay £	Compensation for loss of office £	Other benefits receivable in the role £	Total remuneration excluding pension contributions 2015/16 £	Employer's pension contribution £	Total remuneration including pension contributions 2015/16 £
Police officers								
Chief Constable		146,986	-	-	3,244	150,230	33,756	183,986
Temporary Deputy Chief Constable		116,867	-	-	6,413	123,280	25,401	148,681
Assistant Chief Constable		111,799	-	-	8,496	120,295	-	120,295
Police Staff of the Chief Constable								
Assistant Chief Officer (Resources)		99,303	-	-	7,201	106,504	19,761	126,265
Chief Finance Officer		54,826	-	-	-	54,826	10,910	65,737

Senior Officers' Remuneration

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

Remuneration Range	2014/15 Number of employees	2015/16 Number of employees
£50,000 to £54,999	-	-
£55,000 to £59,999	1	1
£60,000 to £64,999	-	1
£65,000 to £69,999	1	1
£70,000 to £74,999	-	1
£75,000 to £79,999	2	-
£80,000 to £84,999	1	1
£85,000 to £89,999	-	1
£90,000 to £94,999	-	-
£95,000 to £99,999	-	-
£100,000 to £104,999	-	-
£105,000 to £109,999	-	-

20. Severance Costs

In 2014/15 there were no employee contracts terminated by the Chief Constable. In 2015/16 seven employee contracts were terminated, incurring liabilities of £131k. This was made up of:

- £75k in compulsory redundancy payments
- £10k severance payment
- £46k for enhanced retirement benefits, this relates to 2 members who retired by being an early leavers due to being over 55 following redundancy.

Further, the Chief Constable has recognised the potential liability of £153k for 11 employees who had their contracts terminated in the past under different accounting arrangements. For these employees, the impact on the General Fund is restricted to the £14k cash payment made in 2015/16.

Cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number by cost band		Total cost in each band	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
£0,000 to £20,000	-	4	-	1	-	5	-	35
£20,001 to £40,000	-	3	-	-	-	3	-	103
£40,001 to £60,000	-	-	-	-	-	-	-	-
£60,001 to £80,000	-	-	-	-	-	-	-	-
£80,001 to £100,000	-	-	-	-	-	-	-	-
£100,000 to £150,000	-	-	-	-	-	-	-	-
Total	-	7	-	1	-	8	-	138

21. Audit Costs

	2014/15 £000	2015/16 £000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	20	15
Total	20	15

22. Related Party Transactions

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

UK Central Government

The UK central government has effective control over the general operations of the PCC group. It is responsible for establishing the statutory framework within which the PCC operates. It provides a large proportion of the PCC's funding in the form of grants and prescribes the terms of many of the transactions that the PCC has with other parties. Grants received from government departments are included in the subjective analysis in Note 15 on Reporting for Resources Allocation Decisions.

PCC for Lincolnshire

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

Officers

The total remuneration to senior staff is shown in Note 19. All senior officers employed by the Chief Constable at the 31 March 2016 have completed a Related Party Transaction Declaration for the financial year in respect of themselves and close family members to identify any business dealings with the Group that fall into this category. No further disclosures are required.

23. Retirement Benefits

23.1 Participation in pension schemes

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

Two pensions schemes

The Local Government Pension Scheme is for police staff, and is administered by WYPF on behalf of Lincolnshire County Council. On 1 April 2014 a new LGPS was created, whilst remaining a defined benefit scheme, the way that pensions are calculated changed with a new career average pension scheme being introduced. The new arrangements maintain all service prior to this date on a final salary basis with future benefits being based on pay (which now also includes non-contractual overtime) each scheme year rather than final salary. Transitional arrangements and protections for those approaching retirement age were also implemented. The effect of these new arrangements is included within the pension disclosures of these accounts. A funded defined benefit final salary scheme, means that the PCC and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. G4S joined Lincolnshire Pension Fund as a new Transferee Admission Body on 1 April 2012 on a "pass through" arrangement for a contract term of 10 years. The IAS19 results as at 31 March 2016 reflect the combined G4S and Lincolnshire Police pension fund assets and liabilities.

The Police Pension Scheme for police officers is an unfunded defined benefit final salary scheme. There are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions fund for the year are less than amounts payable, the PCC must transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, this cost is met by a central government pension top up grant. In 2015/16 this cost has been met in full.

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

23.2 Discretionary Post-Retirement Benefits

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

23.3 Transactions Relating to Retirement Benefits

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

Transactions Relating to Retirement Benefits:

	2014/15	2015/16
	£000	£000
Local Government Pension Scheme		
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current service cost	(4,008)	(4,882)
Past service costs	(7)	(34)
Effect of settlements	497	-
Financing and Investment Income and Expenditure		
Net interest expense	(1,308)	(1,744)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(4,825)	(6,660)
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Return on scheme assets (excluding the amount included in the net interest expense)	7,212	(2,002)
Actuarial gains and losses arising on changes in demographic assumptions		-
Actuarial gains and losses arising on changes in financial assumptions	(23,156)	16,273
Other (if applicable)	846	1,477
Subtotal Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(15,098)	15,749
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(19,923)	9,089
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	4,825	6,660
Actual Amount charged against the General Fund Balance for pensions in the year:		
Employers contributions payable to scheme	(3,684)	(3,729)
Retirement benefits payable to pensioners	-	-
Movement from Comprehensive Income and Expenditure Statement to the General Fund	1,141	2,931

	2014/15	2015/16
	£000	£000
Police Pension Scheme		
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current service cost	(23,800)	(22,600)
Past service costs	(100)	(500)
Effect of settlements	-	-
Financing and Investment Income and Expenditure		
Net interest expense	(45,700)	(40,300)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(69,600)	(63,400)
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Return on scheme assets (excluding the amount included in the net interest expense)	-	-
Actuarial gains and losses arising on changes in demographic assumptions		3,300
Actuarial gains and losses arising on changes in financial assumptions	(153,700)	182,400
Other (if applicable)	-	-
Subtotal Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(153,700)	185,700
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(223,300)	122,300
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	69,600	63,400
Actual Amount charged against the General Fund Balance for pensions in the year:		
Employers contributions payable to scheme	-	-
Retirement benefits payable to pensioners	(30,100)	(37,800)
Movement from Comprehensive Income and Expenditure Statement to the General Fund	39,500	25,600

	2014/15	2015/16
	£000	£000
Total Pension Liability		
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current service cost	(27,808)	(27,482)
Past service costs	(107)	(534)
Effect of settlements	497	-
Financing and Investment Income and Expenditure		
Net interest expense	(47,008)	(42,044)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(74,425)	(70,060)
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Return on scheme assets (excluding the amount included in the net interest expense)	7,212	(2,002)
Actuarial gains and losses arising on changes in demographic assumptions	-	3,300
Actuarial gains and losses arising on changes in financial assumptions	(176,856)	198,673
Other (if applicable)	846	1,477
Subtotal Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(168,799)	201,449
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(243,224)	131,389
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	74,425	70,060
Actual Amount charged against the General Fund Balance for pensions in the year:		
Employers contributions payable to scheme	(3,684)	(3,729)
Retirement benefits payable to pensioners	(30,100)	(37,800)
Movement from Comprehensive Income and Expenditure Statement to the General Fund	40,640	28,531

23.4 Pensions Assets and Liabilities in relation to Retirement Benefits

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

Funded liabilities	2014/15	2015/16
LGPS	£000	£000
Present value of the defined benefit obligation	149,443	139,768
Fair value of scheme assets	(95,730)	(98,857)
	53,713	40,911
Other movements in the liability (asset)	220	204
Net liability arising from the defined benefit obligation	53,933	41,115

Discretionary Benefits	2014/15	2015/16
Police Pension Scheme	£000	£000
Present value of the defined benefit obligation	1,209,000	1,058,500
Fair value of scheme assets	-	-
	1,209,000	1,058,500
Other movements in the liability (asset)	51,900	42,300
Net liability arising from the defined benefit obligation	1,260,900	1,100,800

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

Local Government	2014/15	2015/16
Pension Scheme	£000	£000
Opening fair value of scheme assets	84,709	95,730
Interest income	3,668	3,096
Remeasurement gain / (loss):		
The return on scheme assets, excluding the amount included in the net interest expense	7,212	(2,002)
Other	-	-
Effect of changes in foreign exchange rates	-	-
Contributions from employer	3,684	3,729
Contributions from employees in the scheme	1,130	1,077
Benefits paid	(2,906)	(2,773)
Other	(1,767)	-
31 March	95,730	98,857

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

Funded liabilities	2014/15	2015/16
LGPS	£000	£000
Opening balance at 1 April	122,403	149,663
Current service cost	4,008	4,882
Interest cost	4,976	4,841
Contributions from scheme participants	1,130	1,077
Re-measurement (gain) / loss:		
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-
Actuarial (gains) / losses arising from changes in financial assumptions	23,156	(16,273)
Other	(846)	(1,477)
Past service cost	7	34
Losses / (gains) on curtailment	(2,265)	-
Liabilities assumed on entity combinations	-	-
Benefits paid	(2,906)	(2,774)
Liabilities extinguished on settlements (w here relevant)	-	-
31 March	149,663	139,972

Unfunded liabilities	2014/15	2015/16
Police Pension Scheme	£000	£000
Opening balance at 1 April	1,067,700	1,260,900
Current service cost	23,800	22,600
Interest cost	45,700	40,300
Contributions from scheme participants	5,300	5,900
Re-measurement (gain) / loss:		
Actuarial (gains) / losses arising from changes in demographic assumptions	-	(3,300)
Actuarial (gains) / losses arising from changes in financial assumptions	153,600	(119,300)
Other	100	(63,100)
Past service cost	100	500
Losses / (gains) on curtailment	-	-
Liabilities assumed on entity combinations	-	-
Benefits paid	(35,400)	(43,700)
Liabilities extinguished on settlements (w here relevant)	-	-
31 March	1,260,900	1,100,800

23.7 Pension Scheme Assets

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

Fair value of scheme assets	2014/15 £000	2015/16 £000
Cash and cash equivalents	1,369	1,067
Equity instruments		
Consumer	18,283	20,480
Manufacturing	2,674	2,195
Energy and utilities	5,909	5,356
Financial institutions	11,344	10,664
Health and care	-	-
Information technology	3,625	3,667
Other	11,314	10,968
	53,149	53,331
Bonds by sector		
Corporate	9,427	9,641
UK Government	1,817	2,045
Other	1,249	1,383
	12,494	13,069
Property by type		
UK property	9,396	10,520
Overseas property	1,096	1,073
	10,492	11,593
Private equity	4,089	3,612
Other investment funds		
Equities	4,951	5,578
Bonds	-	-
Hedge funds	-	-
Commodities	-	-
Infrastructure	-	-
Other	9,187	10,607
	14,138	16,184
Derivatives	-	-
Total assets	95,730	98,857

23.8 Basis for Estimating Assets and Liabilities

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

For the Local Government Pension Scheme, liabilities have been assessed on an actuarial basis using the projected unit method. Estimates are based on the latest full valuation of the scheme as at 31 March 2013.

For the police schemes (both the 1987 Police Pension Scheme and the 2006 new Police Pension Scheme) liabilities have been assessed on an actuarial basis. The last formal valuation of the schemes were carried out as at 31 March 2013. The results of this valuation have been projected forward to 31 March 2016 using approximate methods. The roll forward allows for changes in financial assumptions, additional benefit accruals, estimate cash-flows over the period and updated membership information.

	Local Government Pension Scheme		Police Pension Scheme	
	2014/15	2015/16	2014/15	2015/16
Long term expected rate of return on assets in the scheme:				
Equity investments	3.3	3.5	n/a	n/a
Bonds	3.3	3.5	n/a	n/a
Other	3.3	3.5	n/a	n/a
Mortality assumptions	Longevity at 65		Longevity at 60	
	Years	Years	Years	Years
Longevity for current pensioners:				
Men	22.2	22.2	29.5	29.7
Women	24.2	24.4	31.7	31.6
Longevity for future pensioners:				
Men	24.5	24.5	31.1	31.2
Women	26.8	26.8	33.2	33.2
Financial assumptions	%	%	%	%
Market derived RPI	3.2	3.2	3.3	3.2
Rate of increase in salaries	3.8	3.7	3.4	3.2
Rate of increase in pensions	2.4	2.2	2.4	2.5
Rate for discounting scheme liabilities	3.2	3.5	3.2	3.5

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

The sensitivity analyses in note 3 have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated.

	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Present value of liabilities						
Local government pension scheme	(84,230)	(95,281)	(117,898)	(127,503)	(155,899)	(145,804)
Police pension scheme	(785,200)	(839,500)	(969,500)	(1,067,700)	(1,260,900)	(1,100,800)
Fair value of assets in the local government pension scheme	68,028	71,990	85,271	88,239	99,719	102,976
Surplus / (deficit) in the scheme	(801,402)	(862,791)	(1,002,127)	(1,106,964)	(1,317,080)	(1,143,628)
Local government pension scheme	(16,202)	(23,291)	(32,627)	(39,264)	(56,180)	(42,828)
Police pension scheme	(785,200)	(839,500)	(969,500)	(1,067,700)	(1,260,900)	(1,100,800)
Total surplus / (deficit) in the scheme	(801,402)	(862,791)	(1,002,127)	(1,106,964)	(1,317,080)	(1,143,628)

23.9 Impact on the Chief Constable's cash flows

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

The objectives of the Local Government Scheme are to keep employers' contributions at as constant a rate as possible. The PCC has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. The minimum employer contributions payable over the next year for the PCC Group is 19.9% plus a £634k lump sum payment. Estimated employer's contribution for 2016/17 amount to £2.0m on the local Government Pension Scheme.

Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2016, with the results known in the autumn of 2016

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

Estimated employer contributions for 2016/17 at 24.2% of pensionable pay amount to £9.3m.

The Local Government Pension Scheme and the Police Pension Scheme take account of the national changes required under the Public Pensions Services Act 2013. Under the Act, the main public service pension schemes may not provide benefits on a final salary basis in relation to service after 31 March 2015. The Act provides for scheme regulations to be made within a common framework, to establish new, career average, revalued earnings schemes to pay pensions and other benefits to certain public servants. For the Local Government Pension Scheme these changes came into operation on 1 April 2014 and for the Police scheme from 1 April 2015.

Maturity profile of the defined benefit obligation

	LGPS			Police Pension Scheme		
	Liability Split as at 31 March 2016 £000	Liability Split as at 31 March 2016 %	Weighted Average Duration at Previous Formal Valuation £000	Liability Split as at 31 March 2016 £000	Liability Split as at 31 March 2016 %	Weighted Average Duration at Previous Formal Valuation £000
Active members	87,299	60.0%	26.1	371,200	35.1%	26.1
Deferred members	26,382	18.1%	27.1	30,900	2.9%	26.7
Pensioner members	31,911	21.9%	12.2	656,400	62.0%	12.1
Total	145,592	100%	22.1	1,058,500	100%	17.5
Contingent injuries				18,500	43.7%	26.1
Injury pension liabilities				23,800	56.3%	15.4
Total				42,300	100%	20.1

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code) has introduced a change in accounting policy which will be required from 1 April 2016. If these had been adopted for the financial year 2015/16 there would be no known material changes. Once further information becomes available, any 2015/16 changes will be restated in the 2016/17 financial statements.

These standards are:

- Amendments to IAS19 Employees Benefits (Defined Benefit Plans: Employee Contributions)
- Annual Improvements to IFRSs 2010 – 2012 Cycle
- Amendment to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)
- Annual improvements to IFRSs 2012 – 2014 Cycle
- Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative)
- The changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introductions of the new Expenditure and Funding Analysis
- The changes to the format of the Pension Fund Account and the Net Assets Statement

25. Prior Period Adjustments

There have been no prior year adjustments identified for the Accounting Statements for the 2015/16 financial year.

26. Post Balance Sheet Events

Adjusting Events

There have been no material post balance sheet events between the year end and the date of approval of these accounts which require adjustment to these financial statements.

27. Contingent Liabilities

There are three specific matters which currently have the potential to impact the Force;

- An Employment Tribunal ruling in relation to Source Handlers and overtime payments has been made. The period involved is between May 2009 and May 2012. The Force has identified 13 potential officers who are affected. Payment may have to be made for underpaid overtime in respect of taking phone calls out of hours. There is so far an unknown value of the potential costs likely to be incurred. This matter is currently with Legal Services.
- A national review of Undercover Policing is taking place. This relates to national issues and it is possible that significant costs will be incurred by the Force.
- The Chief Constable of Lincolnshire, (along with other Chief Constables and the Home Office), currently has 34 claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. The Tribunal is unlikely to consider the substance of the claims until 2017. Legal advice suggests that there is a strong defence against these claims. The quantum and who will bear the cost is uncertain, if the claims are partially or fully successful and therefore at this stage it is not practicable to estimate the financial impact. For these reasons, no provision has been made in the 2015/16 Accounting Statements.

**Chief Constable for Lincolnshire
Police Officer Pensions - Home Office Memorandum
Account
2015/16**

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

2014/15 £000	Fund account	2015/16 £000
	Contributions Receivable	
	From Employer:	
9,272	Normal	9,200
885	Early Retirements	376
143	Recovery from PCC for Humberside	132
	From Members:	
5,251	Contributions	5,226
222	Individual Transfers in from Other Schemes	760
15,773		15,694
	Benefits Payable	
28,665	Pensions	29,677
6,088	Commutations	4,914
-	Lump Sum Death Benefits	84
-	GAD Revised Commutations & Interest	4,305
	Payments To and On Account of Leavers	
-	Refunds of Contributions	4
1,892	Individual Transfers Out	15
-	Scheme Pays	185
-	Equivalent Premium	
36,645		39,184
20,872	Sub-total for the year before transfer from the PCC Group for Lincolnshire of amount equal to the deficit	23,490
(20,872)	Additional funding payable by the PCC Group for Lincolnshire to meet deficit for the year	(23,490)
-	Net Amount payable/(receivable) by the PCC Group for Lincolnshire	-

Disclosure Notes

- The operation of the Pension Fund for Police and Crime Commissioners in England and Wales is controlled by the Police Pension Fund Regulations 2007 (SI 2007 No 1932). It covers both old, new and Career Average Revalued Earnings (CARE) Police Officer occupational pension schemes but has no impact on the benefit structure of either scheme. The CARE scheme was introduced from 1 April 2015. This is the only scheme open to new officers. Existing officers will be brought into the scheme on 1 April 2015 unless they have full transitional protection or tapered protection. Injury and ill health awards continue to be paid from the PCC's operating account. The employer contribution rate is 24.2% of pensionable pay. Employees' contributions in the 1987 old scheme are either 14.25% or 15.05% of pensionable pay. In the 2006 new scheme employees contribute either 11%, 12.05% or 12.75% of pensionable pay. In the 2015 CARE scheme employees contribute either 12.44%, 13.44% or 13.78% of pensionable pay.
- The fund is administered locally by Lincolnshire Police. Salary deductions are made from members of the scheme, and payments are made to retiring officers and pensioners in accordance with Police Pension Fund Regulations 2007. Returns are made to the Home Office for the projected and actual costs in each year, and funds are transferred accordingly.
- There are no investment assets; the fund is balanced to nil each year by receipt of a pension top up grant from the Home Office (via PCC for Lincolnshire). Payments are made monthly to pensioners, with the pension fund entries being kept separate, outside of the PCC's general ledger accounts. Details of the PCC's long-term pension obligations can be found in the main statements at Note 51.
- The accounting policies followed are in accordance with Note 1.
- The Police Officer Pensions - Home Office Memorandum Account does not take account of liabilities to pay pensions and benefits after the period end.
- The net amount receivable of £4,030,347 is shown in PCC for Lincolnshire accounts as due from the Home Office.

2014/15 £000	Net Asset Statement as at 31 March	2015/16 £000
	Net Current Assets and Liabilities	
-	Pension benefits paid in advance	-
42	Receivable from PCC for Humberside	-
(42)	Creditors to the PCC for Lincolnshire	-
-	Total	-

Glossary of Terms

Term	Definition
Accrual	An adjustment to ensure that expenditure and income are reflected in the appropriate accounting period.
Actuary/Actuarial	A person professionally qualified to advise on pension matters and undertakes calculations on pension costs, allowing for risk and demographic factors.
Amortisation	The measure of the wearing out, consumption, or other reduction in the useful economic life of Intangible Assets.
Audit Report	The Audit Commission are an independent body charged with auditing public sector organisations to ensure that proper stewardship is undertaken.
Back Rest Days	Due to the rescheduling of rest days Police Officers may accrue untaken rest days which they may accumulated over a number of years.
Balances	The total revenue Reserves required to provide a working balance during the financial year, for example in periods when expenditure exceeds income.
Capital Adjustment Account	A reserve primarily designed to represent timing differences between the amount of the historical cost of Property Plant and Equipment that has been consumed and the amount that has been financed in accordance with statutory requirements.
Capital Expenditure	Expenditure on assets, which have a long-term value. Includes the purchase of land, purchase or construction of new buildings and vehicles.
Capital Grants	Grants received towards capital outlay on a particular service or project.
Capital Receipts	Proceeds received from the sale of Property Plant and Equipment (assets which have value beyond one financial year).
CIPFA	The Chartered Institute of Public Finance and Accountancy. This is the main professional body for accountants working in the public service.
Collection Fund	A fund administered by each billing Authority. Council tax monies are paid into the fund. These are distributed to precepting and billing Authority's in proportion to the council tax set.
Creditors	Amounts owed by the PCC for work done, goods received or services rendered but for which payment has not been made at 31 March.
Debtors	Sums of money due to the PCC but unpaid at 31 March.
Depreciation	The measure of the wearing out, consumption, or other reduction in the useful economic life of Property, Plant and Equipment.

Direct Revenue Financing	This refers to financing of capital expenditure directly from revenue rather than loans or other sources.
Earmarked Reserves	The elements of total PCC's Reserves, which are retained for specific purposes.
EMSOU	East Midland Special Operations Unit
Finance lease	Where the conditions of the lease amount to recognising all the costs of an asset but legal title is with a third party.
Financial instruments	Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability of another. For local authorities, this will normally mean contracts which involve the right to transfer cash or other financial assets
Flexi Time	Police Staff may utilise the flexi time scheme to accrue additional hours worked that are held pending their utilisation at a future date.
FRS	Financial Reporting Standards, as agreed by the UK accountancy profession and the Accounting Standards Board.
Government Grants	Payments by Central Government towards the PCC's expenditure. They are receivable in respect of both revenue and capital expenditure.
IFRS	International Financial Reporting Standards: the accounting standards which determine the production and disclosure of financial statements.
Impairment	An adjustment to the value of long-term assets.
ISG	Integrated Scheme of Governance
JIAC	Joint Independent Audit Committee
Long-term Debtors	Sums of money due to the PCC originally repayable within a period in excess of twelve months and where payment is not due until future years.
Materiality	An item that is not material will not be relevant, cannot influence a user's decision and need not be reported in the financial statements.
Minimum Revenue Provision (MRP)	The statutory requirement to set aside a minimum revenue provision for the repayment of external loans.
Net Book Value	Long-term assets are depreciated in accordance with their asset life. The net book value is the value remaining after cumulative depreciation has been taken away.
Non Domestic Rates	Rates levied on business properties, collected by District Councils, which are then distributed amongst local authorities as income.
Non Operational	Property, Plant and Equipment held by the PCC Group but not directly occupied, used or consumed in the delivery of services. These will include

Assets	buildings under construction and surplus assets.
OJEU	Official Journal of the European Union
Operating lease	A lease where the asset is only used for part of its useful life, and lease payments amount to rental of the asset.
PCC Group	The Police and Crime Commissioner and the Chief Constable are separate legal entities. They are part of the same PCC Group whose combined accounts are presented collectively.
Precept	The amount levied by one authority which is collected by another. e.g. the PCC Group is the precepting authority and the District Councils are the collecting authorities.
Revaluation Reserve	A reserve designed to represent the amount by which the current value of long-term assets carried in the Balance Sheet is greater, because they are carried at revalued amounts rather than depreciated historical cost.
Revenue Contributions	The financing of capital expenditure directly from revenue rather than from loans or other sources.
Revenue Expenditure	The day to day expenditure of the PCC group on such items as employees and equipment.
Revenue Support Grant (RSG)	Grant paid by Central Government in aid of service provision.
Section 22 Agreement	Section 22 of the Police Act 1996 provides for joint working between police forces and/or Police & Crime Commissioners where, in the opinion of the Chief Constable or the Commissioner, collaboration would deliver greater efficiency or effectiveness.
SeRCOP	CIPFA's 'Service Reporting Code of Practice' which sets out the legislative requirements for consistent financial reporting of Local Authority services.
Straight Line Depreciation	The writing down of Property, Plant and Equipment values by an equal amount for each year of that asset's life.
Strategic Partner	G4S are the strategic Partner with the force since taking over the Police Support Services in 2012.
TOIL	Time Off In Lieu may be accrued by both Police Officers and Staff when working additional hours for which payment is not made.
WYPF	West Yorkshire Pension Fund
Virement	Transfers between budget headings, in accordance with Financial Regulations, reflecting changes in the PCC's expenditure plans.

