



Office of the  
**Police & Crime  
Commissioner**  
West Yorkshire



**WEST YORKSHIRE  
POLICE**

**POLICE AND CRIME COMMISSIONER  
FOR WEST YORKSHIRE  
STATEMENT OF ACCOUNTS  
2019/20**



## **POLICE AND CRIME COMMISSIONER FOR WEST YORKSHIRE**

### **STATEMENT OF ACCOUNTS 2019/20**

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## Independent auditor's report to the Police and Crime Commissioner for West Yorkshire

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of the Police and Crime Commissioner for West Yorkshire (the 'Police and Crime Commissioner') and its subsidiary the Chief Constable (the 'group') for the year ended 31 March 2020 which comprise the Comprehensive Income and Expenditure Statement – Police and Crime Commissioner (Single Entity), the Movement in Reserves Statement – Police and Crime Commissioner (Single Entity), the Comprehensive Income and Expenditure Statement – Police and Crime Commissioner Group, the Movement in Reserves Statement – Police and Crime Commissioner Group, the Balance Sheet – Police and Crime Commissioner Single Entity and Group, the Cash Flow Statement Police and Crime Commissioner Single Entity and Group and notes to the financial statements, including a summary of significant accounting policies, and include the police pension fund financial statements comprising the police officer pension fund account and notes to the police officer pension fund. 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 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Police and Crime Commissioner as at 31 March 2020 and of the group's expenditure and income and the Police and Crime Commissioner'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 2019/20; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the Police and Crime Commissioner in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Chief Finance Officer and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Police and Crime Commissioner and group's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Police and Crime Commissioner and group's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an authority associated with these particular events.



### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the Police and Crime Commissioner's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20 that the Police and Crime Commissioner's financial statements shall be prepared on a going concern basis, we considered the risks associated with the Police and Crime Commissioner's and group's operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit. We analysed how those risks might affect the Police and Crime Commissioner's and group's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Police and Crime Commissioner or group will continue in operation.

### Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings and local government pension scheme property and private equity investments

We draw attention to Note 2b of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the group land and buildings as at 31 March 2020. As disclosed in Note 2b to the financial statements, the outbreak of COVID-19 has impacted global finances and market activity is being impacted in many sectors. The PCC's valuers have therefore stated that the valuations completed in 2019/20 have been undertaken on the basis of 'material valuation uncertainty' as per VPS3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a high degree of caution, should be attached to the valuation than would normally be the case.

We also draw attention to Note 2b of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of property and private equity investments held by the local government pension scheme as at 31 March 2020. As disclosed in Note 2b to the financial statements, the volatility of the economy could have a direct impact on the net liability value. The actuary's valuer has reported the 2019/20 year-end valuation of scheme assets on the basis of 'material valuation uncertainty' per VPGA 10 of the Royal Institution of Chartered Surveyors (RICS) Valuation - Global Standard. Consequently, the valuer has commented that less certainty and a higher degree of caution should be attached to the valuation than would normally be the case. The 'material valuation uncertainty' opinion applied by the actuary's valuers is due to the element of scheme assets which relate to property investments, and the related uncertainty of asset valuations, and also material valuation uncertainty in respect of private equity investments.

Our opinion is not modified in respect of these matters.

### Other information

The Chief Finance Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts other than the Police and Crime Commissioner and group financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the group and the Police and Crime Commissioner obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Other information we are required to report on by exception under the Code of Audit Practice**

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

#### **Opinion on other matter required by the Code of Audit Practice**

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Police and Crime Commissioner gained through our work in relation to the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report 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
- we make a written recommendation to the Police and Crime Commissioner under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

### **Responsibilities of the Police and Crime Commissioner and the Chief Finance Officer for the financial statements**

As explained more fully in the Statement of Responsibilities set out on page 6, the Police and Crime Commissioner is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer. The Chief Finance 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 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the group's and the Police and Crime Commissioner's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the group or the Police and Crime Commissioner will no longer be provided.

The Police and Crime Commissioner is Those Charged with Governance. Those charged with governance are responsible for overseeing the financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Report on other legal and regulatory requirements - Conclusion on the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources**

### **Conclusion**

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that the Police and Crime Commissioner put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

### **Responsibilities of the Police and Crime Commissioner**

The Police and Crime Commissioner is responsible for putting in place proper arrangements for securing 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 for the review of the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Police and Crime Commissioner has made 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 Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects the Police and Crime Commissioner 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 Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Police and Crime Commissioner put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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 be satisfied that the Police and Crime Commissioner has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

### **Report on other legal and regulatory requirements - Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the West Yorkshire Police and Crime Commissioner and Chief Constable for the year ended 31 March 2020. We are satisfied that this work does not have a material effect on the financial statements or on our conclusion on the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

#### **Use of our report**

This report is made solely to the Police and Crime Commissioner, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Police and Crime Commissioner those matters we are required to state to the Police and Crime Commissioner 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 Police and Crime Commissioner as a body, for our audit work, for this report, or for the opinions we have formed.

*Paul Grady*

Paul Grady  
Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor  
London

**30 November 2020**



## **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

The Police and Crime Commissioner (PCC) for West Yorkshire is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers (Chief Finance Officer) has the responsibility for the administration of those affairs;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- To approve the Statement of Accounts.

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

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

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- Approved proper accounting procedures and records which were maintained and kept up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities;
- Assessed the PCC and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- Used the going concern basis of accounting on the assumption that the functions of the PCC and Group will continue in operational existence for the foreseeable future, and
- Maintain such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

## **APPROVAL OF THE STATEMENT OF ACCOUNTS**

The Statement of Accounts was approved by the Police and Crime Commissioner for West Yorkshire on the 30<sup>th</sup> November 2020.

*M Burns-Williamson*

*K Johnson*

Mark Burns-Williamson  
Police and Crime Commissioner  
for West Yorkshire

Katherine Johnson  
Chief Finance Officer for the Police  
and Crime Commissioner for West Yorkshire



## **NARRATIVE REPORT AND FINANCIAL REVIEW**

### **PREFACE**

**West Yorkshire's Police and Crime Commissioner Mark Burns-Williamson OBE**

I remain committed to frontline policing with an additional 311 officers and 100 specialist staff invested into protecting local communities, with Police Community Support Officers (PCSOs) maintained over the next 12 months. Although it is with some reluctance that I have had to call upon local taxpayers to achieve it, the budget I have set caters for the issues of greatest threat to our communities and puts us in a place of more sustainability and affordability for the future against a backdrop of Government funding reductions. Government funding accounts for around 70% of our overall budget.



I will of course continue to lobby Government through the Association of Police and Crime Commissioners (APCC) and speak directly with the Home Secretary, Policing Minister and Home Office officials about a better and sustainable deal for Policing in West Yorkshire as I have done every year.

It is well known that since 2010 the government has cut West Yorkshire's policing budget by over a third at the cost of over 2000 police jobs here. As a result with over £140m worth of savings that have had to be found, we have had to make significant efficiencies and prudently earmark our resources to ensure our police service is fit for purpose into the future. With the support of our communities I have increased the police council tax precept to ensure the police, working with our partners, can continue to keep West Yorkshire safe and feeling safe, but this cannot be the Government's answer to how to meet our funding shortfalls long term whilst the core police funding formula still remains unaddressed.

Despite continued significant funding challenges, I, alongside West Yorkshire Police and partners, continue to strive to keep West Yorkshire safe and feeling safe. During 2019/20, there has been a continued increase in demand pressures on policing and community safety which we have sought to minimise through targeted prevention and early intervention work.

My Safer Communities Fund (Proceeds of Crime) has to date seen over £3.4m allocated to local groups and organisations across West Yorkshire working on early intervention, diverting young people away from a life of crime, preventing crime and antisocial behaviour, reducing reoffending and providing extra support to victims and witnesses. Recent monies from the Home Office to strengthen the response to serious violence will support operational activities through increased patrols and weapon sweeps, but it is only through sustained early intervention and prevention work with our young people, schools, partners and communities that we will be able to effectively tackle knife and violent crime in the long term.

During 2019/20, I have commissioned a perpetrator service to assist in reducing domestic violence reoffending and prevent further crimes from being committed. Also during 2019/20, the final stages on the development and creation of a new Sexual Assault and Referral Centre (SARC) for West Yorkshire were completed with the opening of the new building taking place in the last few weeks (June 2020). This has been a long term vision and ambition since being elected in 2012 and represents a significant milestone in the provision of specialist services to vulnerable victims in a state of the art facility that will be second to none.

Recent months have of course been a very challenging time for the country with the outbreak of Covid-19. The virus has had a devastating impact on the country and has been tragic for so many families across the UK. Looking to the future communities, businesses and public organisations will all have to make suitable adjustments. I am concerned also about the impact and repercussions on the finances of public organisations and partners, and I will be urging the government to support and fund public bodies like policing appropriately to be able to manage the inevitable impact in a sustainable way.



## **THE NARRATIVE REPORT**

### **Overview from the Treasurer – Katherine Johnson**

The financial climate remains challenging with the cost of inflation and pay rises being absorbed within the grant settlement for 2019/20. While 2020/21 central grant funding had an increase, it also requires specific targets for officer numbers being met, which essentially leaves inflation, and pay rises to be funded from current budgets. Despite the significant funding reductions referred to in the Police and Crime Commissioner's foreword, through innovation and partnership working, the Police and Crime Commissioner continues to strive to ensure communities are safe and feeling safe.

In order to achieve this, during 2019/20 the Police and Crime Commissioner (PCC) has:

- Provided funding for recruiting 264 additional police officers and staff in 2019/20 and budgeted for 311 additional police officers and 100 staff for 2020/21.
- Given over £635,000 of recovered Proceeds of Crime money to community groups and organisations working to keep communities safe.
- Continued to invest in digital technology to keep police officers more visible on the streets.
- Continued to passport community safety funding to Local Authority partners to enable the Community Safety Partnerships to maintain valuable services to the people of West Yorkshire.
- Continued to provide funding to the West Yorkshire Rape Crisis Centres.

This document has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It aims to provide information to help the reader understand the overarching financial position of the PCC (and West Yorkshire Police), provide an overview of overarching governance arrangements and give confidence to the reader that the resources of West Yorkshire Police are effectively managed.

The style and format of the Statement of Accounts complies with CIPFA standards and is similar to that of previous years.

### **1. EXPLANATION OF THE PCC AND GROUP**

The Police & Crime Commissioner (PCC) and the Chief Constable are established as separate legal entities.

The PCC is elected by the public every four years (although the May 2020 election has been postponed to 2021 due to Covid-19 and therefore the current term of office will be five years) to secure the maintenance of an efficient and effective police force and to hold the Chief Constable to account for the exercise of his / her functions and those of persons under his / her direction and control.

The Chief Constable has a statutory responsibility for the control, direction and delivery of operational policing services in the West Yorkshire Police area.

This set of accounts focuses on those discrete activities that the PCC is directly responsible for, such as community safety and commissioning services for victims and witnesses of crime, as well as the "PCC Group" which includes all aspects of operational policing under the direction and control of the Chief Constable.

The Chief Constable has produced a separate set of accounts that explains how the resources provided by the PCC have been used to deliver operational policing services.

### **2. AN INTRODUCTION TO WEST YORKSHIRE**

The richness of the different people and places of West Yorkshire is the greatest strength of our area. Our cities, towns and villages include some of England's most beautiful landscapes and architecture and the diversity of the 2.3 million people living across the county - with 18 per cent of our population from a minority ethnic background - brings a distinctiveness and strength in difference in us together. Our communities have been enriched by successive generations of people from elsewhere and it is our diversity of people and places that has made West

Yorkshire economically, socially and culturally what it is today. Nevertheless, many people in West Yorkshire live in poverty and are isolated. Many of our Neighbourhood Policing Teams support communities with high levels of deprivation compared to the national average, where demands are greater and all too often more complex than most other areas.

### **3. FINANCIAL PERFORMANCE**

#### **a. Economic Climate**

The 2019/20 budget saw the first increase in Police Government Funding since prior to 2010, equating to a 1.2% real term increase since 2018/19. Whilst this is positive, it is still not sufficient to cover the 2% inflationary and pay increases applied in the 2019/20 budget. It does however; help to cover the £11.726m estimated increase in Police Pension Costs as a result of the Pension revaluations. The 2019/20 budget was therefore still heavily reliant on the flexibility to raise Council Tax Precepts.

Economic forecasting at this point in time is challenging with the impact of both Brexit and Covid-19 unknown at this time. We await to hear whether the Government will continue with a multi-year spending review for 2021/22 and beyond or provide a one year settlement.

The Local Authorities in West Yorkshire are currently forecasting a significant downturn in Council Tax collection as a consequence of the economic impact of Covid-19, which will in turn have a significant impact on police funding in 2021/22.

#### **b. Financial Management**

West Yorkshire has robust and sound financial management practices. Comprehensive financial reports are submitted to the Chief Officer Team on a monthly basis, Medium Term Financial Forecasts are refreshed regularly and decisions are taken based on current and future financial information. The PCC received budget monitoring and financial forecasting information every six weeks as part of the Joint Executive Group meetings. Regular meetings take place between the West Yorkshire Police CFO and PCC's CFO (Treasurer).

The 2019 HMICFRS Assessments of West Yorkshire Police have all now been published and these rate the Force as OUTSTANDING for Efficiency and GOOD for Legitimacy and Effectiveness.

#### **c. Revenue**

##### **Budget 2019/20**

The 2019/20 budget reflected a number of significant cost pressures. A change in the way that Police Office employer pension's costs are calculated by the Treasury resulted in an estimated annual cost pressure of £11.726m. £5.1m of this cost in 2019/20 was covered by a specific grant from the Home Office. It is not clear at this stage whether this grant will be received annually. Pay inflation of 2% was forecast and then subsequently agreed nationally at 2.5%. In order to mitigate some of the cost pressures and also recruit additional police officers, the PCC, in line with most other PCCs in England increased the band D charge by £24.

##### **Revenue Outturn 2019/20**

The following table provides a high level comparison between the approved budget and actual expenditure for the group.



2019/20	Revised Estimate	Actual	Variation
<b>NET SERVICE EXPENDITURE</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Net Cost of Police Services	428,089	430,882	(2,793)
OPCC Direction and Control	235	185	50
OPCC Corporate and Democratic Core	1,673	1,720	(47)
OPCC Partnership Initiatives	5,182	5,132	50
Other Operating Costs	10,297	9,695	602
<b>Net Cost of Police Services</b>	<b>445,476</b>	<b>447,614</b>	<b>(2,138)</b>
Net Total Contributions to/(from) Earmarked Reserves	(2,241)	(3,033)	792
Transfer to/(from) General Reserve	(1,464)	(2,695)	1,231
<b>TOTAL NET EXPENDITURE</b>	<b>441,771</b>	<b>441,886</b>	<b>(115)</b>
<b>FINANCING</b>			
Police Grant	172,809	172,809	0
RSG	16,693	16,693	0
NNDR	130,051	130,051	0
Precept	121,823	122,333	(510)
<b>TOTAL GROUP FINANCING</b>	<b>441,376</b>	<b>441,886</b>	<b>(510)</b>

The Net Cost of Police Services in the above table is different to the Net Cost of Police Services reported in the CIES (shown on page 20), which is prescribed by the Code of Practice. The difference is primarily made up of accounting adjustments required by the Code. The reconciliation between the two amounts is shown in the following table:

2018/19 £000		2019/20 £000
<b>427,433</b>	<b>TOTAL NET EXPENDITURE PER OUTTURN REPORT</b>	<b>447,614</b>
626	Interest Receivable	778
(10,658)	Interest Payable	(10,473)
210	Net (gains)/losses on financial assets at FVPL	0
12	Flexible Attachment	25
<b>417,623</b>	<b>NET COST OF SERVICES</b>	<b>437,943</b>
(3,045)	Revenue Funding of Capital	(6,020)
(4,522)	Minimum Revenue Provision (MRP)	(3,261)
33,138	Depreciation, Amortisation and Impairments	25,732
436,532	IAS19 Pension Service Costs (accounting basis)	192,105
(64,765)	Pension Contributions (funding basis)	(77,489)
(6,225)	Movement on Employee Benefits Accrual	1,870
<b>808,736</b>	<b>COST OF POLICE SERVICES CIES</b>	<b>570,881</b>

### Outlook – Medium Term Financial Forecast

The Medium Term Financial Forecast presented today shows a balanced position for 2020/21 following the use of £3.420m of revenue reserves, and the position for future years, as:

- 2021/22           £15.170m shortfall
- 2022/23           £14.074m shortfall
- 2023/24           £ 9.924m shortfall



A high level summary of the MTFF is provided below.

<b>West Yorkshire Police</b>	2020/21	2021/22	2022/23	2023/24
	Estimate	Estimate	Estimate	Estimate
	at	at	at	at
	Outturn	Outturn	Outturn	Outturn
	£000	£000	£000	£000
Pay & Pensions	453,048	470,987	492,466	502,496
Non pay	129,460	151,878	151,529	144,064
Income	(113,653)	(114,953)	(116,313)	(117,583)
<b>Total Force Budget</b>	<b>468,854</b>	<b>507,912</b>	<b>527,683</b>	<b>528,977</b>
Office of the PCC	1,688	1,722	1,756	1,792
Community Safety Fund	5,182	5,182	5,182	5,182
Shared Services	228	232	237	241
<b>Total OPCC and Shared Services</b>	<b>7,097</b>	<b>7,136</b>	<b>7,175</b>	<b>7,215</b>
<b>Net Budget Requirements</b>	<b>475,952</b>	<b>515,048</b>	<b>534,857</b>	<b>536,191</b>
Funded by:				
Contribution from Reserves	3,420	969	134	0
Police Grant	342,193	363,298	379,639	379,729
Collection Fund Surplus/(Deficit)	315	315	315	315
Precept Requirements	130,024	135,296	140,695	146,224
<b>Total Funding</b>	<b>475,952</b>	<b>499,878</b>	<b>520,783</b>	<b>526,268</b>
<b>Shortfall</b>	<b>(0)</b>	<b>15,170</b>	<b>14,074</b>	<b>9,923</b>

All the assumptions underpinning the current MTFF will be revisited and updated quarterly as we continue work on the next budget cycle.

The Government are working towards a 2020 Comprehensive Spending Review (CSR), which we anticipate will provide a three year indication of the level of funding that the Home Office will receive from HM Treasury. It is hoped that this will allow a strong indicator of funding levels between 2021 and 2024.

Given the current level of uncertainty surrounding council tax collection referred to earlier that would impact on funding in 2021/21, I have not adjusted within this statement the assumptions, however it is clear that this will need close monitoring with the Local Authorities on a monthly basis to inform 2021/22 budget setting.

#### **d. Capital**

In addition to spending on day to day activities, the PCC incurs expenditure on land and buildings, information technology and other items of plant and equipment, which have a longer term life.

### Capital outturn 2019/20

The following table shows the net capital position compared to the approved capital programme.

	Revised Annual Budget £000	Annual Spend £000
Estates Schemes	7,602	3,220
Vehicles and Equipment	4,198	3,493
ICT Schemes	6,690	6,690
NPAS	12,954	9,324
	<u>31,444</u>	<u>22,727</u>

### Medium Term Capital Plan

The PCC has approved a Medium Term Capital Plan (MTCP) costing £177,751m over the next four years, which will provide the Force with appropriate infrastructure and assets to deliver innovative policing strategies with fewer resources.

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Estates Schemes	5,507	25,780	15,003	1,101	47,391
Vehicles and Equipment	5,333	8,410	6,784	3,993	24,520
ICT Schemes	7,717	8,604	6,202	3,893	26,416
	<u>18,557</u>	<u>42,794</u>	<u>27,989</u>	<u>8,987</u>	<u>98,327</u>
NPAS	10,988	24,757	18,842	24,837	79,424
	<u>29,545</u>	<u>67,551</u>	<u>46,831</u>	<u>33,824</u>	<u>177,751</u>

### e. Group Balance Sheet

The Balance Sheet is a snapshot of the Police and Crime Commissioner's assets, liabilities, cash balances and reserves at the balance sheet date. A high level summary is provided below.

31 March 2019 £000		31 March 2020 £000
295,106	Long Term Assets	310,550
138,502	Current Assets	136,314
(94,041)	Current Liabilities	(110,557)
(5,977,997)	Long Term Liabilities	(6,202,415)
<b>(5,638,430)</b>	<b>Net Assets</b>	<b>(5,866,108)</b>
<b>(5,638,430)</b>	<b>Total Reserves</b>	<b>(5,866,108)</b>

## 4. NON-FINANCIAL PERFORMANCE

The Office of the Police and Crime Commissioner reviews West Yorkshire Police's (WYP) performance through the statistics and reports published by national bodies such as Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS), the Office of National Statistics, the Ministry of Justice, and through WYP's own performance monitoring work. We hold a 'Delivery Quarterly' meeting with the Chief Constable to discuss police performance and to ensure that any new patterns in offending in our districts are being addressed.

During 2019/20 there were just under 290,000 offences recorded in West Yorkshire – this represents a slight reduction in crime levels (circa -3%) when compared to the previous year. This result follows a number of years where West Yorkshire had recorded increasing crime levels, albeit heavily influenced by the nationwide programme to improve the accuracy and consistency of crime recording, which had been promoted by HMCFRS. The PCC also holds frequent Community Outcomes Meetings with West Yorkshire Police to look at matters that are of significant interest to communities.

Categories of offence which have recorded a reduction in crime include burglary (-15%), vehicle crime (-9%), robbery (-15%), and serious violent crime (-7%). Possession of drugs is one offence type which has increased (+23%), but this is influenced by proactive police work ongoing in West Yorkshire. Violence against the person has also increased slightly, but within this, violence with injury has recorded a 7% reduction.

Running parallel to recorded crime statistics, the Crime Survey of England and Wales (CSEW) provides a national viewpoint of people's experience of crime. It has the advantage of surveying households, which may have chosen not to report a crime. Here, the CSEW identifies that 11.0% of survey respondents in West Yorkshire said they had been a victim of household crime in the twelve months to December 2019 (latest data). This represents a reduction from last year's total (14.3%), reflecting the trend described by police recorded crime figures. This improved result puts West Yorkshire slightly above the MSG average figure of 10.0% (MSG being the 'most similar group' of police forces).

The CSEW's measure of people's experience of personal crime is much lower; 3.2% of survey respondents state that they have been a victim in the previous twelve months, down from 3.9% in December 2018 and below the MSG average of 3.3%. Personal crimes relate to all crimes against the individual (not that of other people in the household). An example of a personal crime would be an assault.

Behind these figures, HMCFRS's annual assessment of police services' Effectiveness, Efficiency, and Legitimacy (the 'PEEL' inspections) saw West Yorkshire Police gain 'Good' grading's for Effectiveness and Legitimacy, and an 'Outstanding' grade for Efficiency. WYP are one of just six forces in England and Wales to achieve this recognition for force efficiency. Inspectors, in particular, highlighted the force's strength in planning for the future and its ambition to develop innovative practices.

Public perception of the work of the police and West Yorkshire communities' sense of safety have also improved during 2019/20. Residents' safety concerns and priorities are measured through the PCC's 'Your Views' survey, which attracted 17,000 responses last year. Results for the year to March 2020 recorded that 81% of respondents feel safe in their local area, and the same proportion are satisfied with the work of West Yorkshire Police in their neighbourhood.

## 5. PEOPLE

At 31st March 2020, West Yorkshire Police employed 10,152 people in full and part time contracts. We also had 319 unpaid members of the special constabulary and 189 volunteers giving a total workforce of 10,660.

Below is the make-up of the Police workforce:

	As at 31/03/20		
	Workforce Head Count	Actual Full Time Equivalents	Budgeted Full Time Equivalents
Police Officers	5,437	5,332	5,089
Police Staff	4,098	3,728	3,977
PCSO's	617	592	603
<b>Paid Employees</b>	<b>10,152</b>	<b>9,652</b>	<b>9,670</b>
Special Constabulary	319		
Volunteers	189		
<b>Total Workforce</b>	<b>10,660</b>		



## **6. PRINCIPAL RISKS AND UNCERTAINTIES**

A risk management strategy is in place to identify and evaluate risk. Risks are managed and monitored through a quarterly risk management meeting chaired by the Police and Crime Commissioner. There are clearly defined steps to support better decision making through the understanding of risks, whether a positive opportunity or a threat and the likely impact.

Force risks are managed and monitored through a quarterly risk management group chaired by the Deputy Chief Constable. There are clearly defined steps to support better decision making through the understanding of risks, whether a positive opportunity or a threat and the likely impact.

These are being actively managed by the Chief Constable's Leadership Team, the Risk Management Group and quarterly updates are provided to the Police and Crime Commissioner's "Good Governance Group" and the Joint Independent Audit and Ethics Committee.

## **7. COVID-19**

The impact of the global pandemic had an immediate effect on operational policing, with frontline officers playing a major part in the Government response to the pandemic. Significant costs have been incurred as part of the response, though the impact on the 2019/20 financial year is minimal, it will be impactful for 2020/21. Representations have been made to the Home Office to cover the additional costs that have been incurred specifically in response to Covid-19.

In addition the response costs incurred, the financial position has been impacted by loss of income through service provision that has not taken place for example service provision at Leeds and Bradford Airport. From 2021/22 onwards however, it is anticipated that the most significant impact will be on Council Tax collection and therefore income received to fund policing services. This will be closely monitored over the coming months.

## **8. SUMMARY AND CONCLUSION**

We collectively continue to deliver effective financial management to support the delivery of the Police and Crime Plan. The OPCC Executive and Chief Officer team are fully engaged with the budgeting process to ensure resources are directed to priority areas.

HMICFRS have published their State of Policing report that summarised the results of their Police Effectiveness, Efficiency and Legitimacy (PEEL) inspection. West Yorkshire was assessed as Outstanding in Efficiency and Good in Effectiveness and Legitimacy.

The resources available to police forces, and particularly West Yorkshire, have reduced significantly since March 2010 and we are currently delivering policing services within a budget that has been reduced by over £140m. This has resulted in a significant reduction in police officer and staff strength. Recent precept increases have enabled police officer recruitment to restart to help meet the increasing demand placed on West Yorkshire Police and to start to rebuild the front line.

The PCC continues to use cash reserves in a prudent manner to help manage the budget and deliver the Police and Crime Plan priorities. The financial outlook remains challenging but I am confident that the PCC, Chief Constable and their respective leadership teams will continue to deliver strong and effective financial management in order to maintain an appropriate level of funding for essential operational services.



## **EXPLANATION OF ACCOUNTING STATEMENTS**

The Accounts and Audit (Coronavirus) Amendments Regulations 2020 require the Police and Crime Commissioner (PCC), and Chief Constable (CC) to produce a Statement of Accounts each financial year. These statements contain a number of different elements, which are explained below.

### **Statement of Accounts**

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 (Revised July 2018);
- The Police and Crime Commissioner's Scheme of Delegation and Financial Regulations

Within the Group, the PCC and the Chief Constable have separate single entity financial statements. This reflects the fact that they are two separate corporations sole.

The Police and Crime Commissioner is responsible for the finances of the whole Group and controls the assets, liabilities and reserves. The Police and Crime Commissioner receives all income and funding and makes all payments for the Group from the Police Fund. In turn, the Chief Constable fulfils his functions under the Police Reform and Social Responsibility Act within an annual budget agreed by the Police and Crime Commissioner. A scheme of consent is in operation between the two bodies determining their respective responsibilities.

During 2019/20, the vast majority of police staff were under the direction and control of the Chief Constable, and these costs are shown in the Chief Constable's Comprehensive Income and Expenditure Statement.

A small team of staff also supports the Police and Crime Commissioner, shown separately as the corporate and democratic core within the PCC's statements.

This document contains two sets of accounts; the Police and Crime Commissioner's single entity accounts and the Group accounts which incorporates the accounts produced by the Chief Constable.

The single entity statements comprise of:

- Comprehensive Income and Expenditure Statement
- Movement in Reserves Statement
- Balance Sheet
- Cash Flow Statement

The contents of these statements is explained below.

### **Group Accounts**

The Chief Constable for West Yorkshire is a wholly owned subsidiary of the Police and Crime Commissioner. The accounts of these two bodies are consolidated on a line by line basis with intergroup balances and transactions eliminated in full. They share a common year end of 31<sup>st</sup> March and apply uniform accounting policies. The group accounts are prepared in accordance with chapter nine of the Code of Practice.



The consolidated Group core financial statements consist of:

### **Comprehensive Income and Expenditure Statement (CIES)**

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The PCC raises taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

### **Movement in Reserves Statement**

This statement shows the movement from the start of the year to the end on the different reserves held by the PCC, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Movement in Reserves Statement shows how the movement in year of the PCC's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to taxation for the year. The Net Increase/Decrease line shows that the statutory General Fund Balance movement in the year following those adjustments.

### **Balance Sheet**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the PCC. The net assets of the PCC (assets less liabilities) are matched by the reserves held by the PCC. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e. those reserves that the PCC may use to provide service, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the PCC is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

### **Cash Flow Statement**

The Cash Flow Statement shows the changes in cash and cash equivalents of the PCC during the reporting period. The statement shows how the PCC generates and used cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the PCC are funded by way of taxation and grant income or from the recipients of services provided by the PCC. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the PCC's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the PCC.

As all bank and cash transactions are held and managed by the Police and Crime Commissioner there is no distinction between the Police and Crime Commissioner and Group movements.

### **The Supplementary Financial Statements are:**

#### **Expenditure and Funding Analysis**

The objective of the Expenditure and Funding Analysis is to demonstrate to tax payers how the funding available to the PCC (i.e. government grants, precepts), for the year has been used in providing services in comparison with those resources consumed or earned by the PCC in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Group's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.



**Annual Governance Statement**

This sets out the key governance structures of the PCC and Group and key internal controls.

**Pension Fund Accounts**

This sets out the financial position of the Police Pension Fund as at 31 March 2020.

**Revenue Accounts**

Showing a summary of the lead force collaborative regional and national revenue accounts.

**Notes**

Provide more detail about the PCC's accounting policies and individual transactions.

Further information about the accounts is available from:

Katherine Johnson - Treasurer  
Ploughland House  
62 George Street  
Wakefield



## SINGLE ENTITY STATEMENTS FOR THE POLICE AND CRIME COMMISSIONER FOR WEST YORKSHIRE

### Comprehensive Income and Expenditure Statement (CIES)

The Chief Constable is responsible to the PCC for the day to day provision of the policing functions, including direction and control of police officers. To facilitate this, the PCC has delegated certain powers over authorisation of revenue expenditure within the agreed budget, and direction and control over police staff to the Chief Constable's Assistant Chief Officer.

Expenditure related to the Cost of Police Services will be shown in the Chief Constable's Comprehensive Income and Expenditure Statement. All income, funding and expenditure directly controlled by the PCC will be shown in the PCC Single Entity CIES.

The single entity Balance Sheet and Cash flow for the Police and Crime Commissioner can be found within the Group Statements on page 20-23.

The notes to the single entity statements are disclosed within the Group Statements

The accounting policies for the single entity statements are as detailed for the Group consolidated statements.

## Comprehensive Income and Expenditure Statement Police and Crime Commissioner (Single Entity)

\*Restated

2018/19				2019/20		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
12,550	(149,729)	(137,179)	Corporate and Central Services PCC	16,027	(169,587)	(153,560)
<b>12,550</b>	<b>(149,729)</b>	<b>(137,179)</b>	<b>Cost of Policing Service</b>	<b>16,027</b>	<b>(169,587)</b>	<b>(153,560)</b>
		*671,047	Intra-group adjustment - funding provided by the PCC for financial resources consumed by the CC			687,681
		<b>533,868</b>	<b>Total Cost of Policing Service</b>			<b>534,121</b>
		*(8)	Other operating expenditure (Note 7)			(43)
		9,899	Financing and investment income and expenditure (Note 8)			9,789
		(524,610)	Taxation and non-specific grant income and expenditure (Note 9)			(532,119)
		<b>19,149</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>11,747</b>
		(31,807)	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(24,417)
		205	Remeasurement of net defined benefit liability / (asset)			551
		<b>(31,602)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(23,866)</b>
		<b>(12,453)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(12,119)</b>

\*See note 1b for details relating to the restatement



## Movement in Reserves Statement Police and Crime Commissioner (Single Entity)

	Revenue Reserves		General Fund Total	Capital Reserves		Total Usable Reserves	Total Unusable Reserves	Total Reserves
	Police Fund Balance	Earmarked Reserves		Deferred Capital Receipts Reserve	Capital Grants Unapplied			
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April 2018</b>	15,446	57,253	72,699	9,872	1,457	84,027	68,195	152,223
<b>Movement in Reserves during year</b>								
Surplus or (deficit) on the provision of services	(19,150)	0	(19,150)	0	0	(19,150)	0	(19,150)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	31,602	31,602
<b>Total Comprehensive Income and Expenditure</b>	<b>(19,150)</b>	<b>0</b>	<b>(19,150)</b>	<b>0</b>	<b>0</b>	<b>(19,150)</b>	<b>31,602</b>	<b>12,452</b>
Adjustments between accounting basis & funding basis under regulations (note 5)	4,648	0	4,648	(4,250)	1,017	1,415	(1,415)	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>(14,502)</b>	<b>0</b>	<b>(14,502)</b>	<b>(4,250)</b>	<b>1,017</b>	<b>(17,735)</b>	<b>30,187</b>	<b>12,452</b>
Transfers (to)/from Earmarked Reserves (Note 6)	14,308	(14,308)	0	0	0	0	0	0
<b>Increase/Decrease in year</b>	<b>(194)</b>	<b>(14,308)</b>	<b>(14,502)</b>	<b>(4,250)</b>	<b>1,017</b>	<b>(17,735)</b>	<b>30,187</b>	<b>12,452</b>
<b>Balance at 31 March 2019 C/fwd</b>	<b>15,252</b>	<b>42,945</b>	<b>58,197</b>	<b>5,622</b>	<b>2,474</b>	<b>66,293</b>	<b>98,381</b>	<b>164,673</b>

## Movement in Reserves Statement Police and Crime Commissioner (Single Entity)

	Revenue Reserves		General Fund Total	Capital Reserves		Total Usable Reserves	Total Unusable Reserves	Total Reserves
	Police Fund Balance	Earmarked Reserves		Deferred Capital Receipts Reserve	Capital Grants Unapplied			
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April 2019</b>	15,250	42,945	58,195	5,622	2,474	66,291	98,381	164,673
<b>Movement in Reserves during year</b>								
Surplus or (deficit) on the provision of services	(11,748)	0	(11,748)	0	0	(11,748)	0	(11,748)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	23,866	23,866
<b>Total Comprehensive Income and Expenditure</b>	<b>(11,748)</b>	<b>0</b>	<b>(11,748)</b>	<b>0</b>	<b>0</b>	<b>(11,748)</b>	<b>23,866</b>	<b>12,119</b>
Adjustments between accounting basis & funding basis under regulations (note 5)	2,699	0	2,699	577	(55)	3,222	(3,222)	(0)
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>(9,049)</b>	<b>0</b>	<b>(9,049)</b>	<b>577</b>	<b>(55)</b>	<b>(8,526)</b>	<b>20,645</b>	<b>12,119</b>
Transfers (to)/from Earmarked Reserves (Note 6)	6,356	(6,356)	0	0	0	0	0	0
<b>Increase/Decrease in year</b>	<b>(2,693)</b>	<b>(6,356)</b>	<b>(9,049)</b>	<b>577</b>	<b>(55)</b>	<b>(8,526)</b>	<b>20,645</b>	<b>12,119</b>
<b>Balance at 31 March 2020 C/fwd</b>	<b>12,555</b>	<b>36,589</b>	<b>49,144</b>	<b>6,199</b>	<b>2,419</b>	<b>57,764</b>	<b>119,027</b>	<b>176,791</b>

**GROUP STATEMENTS FOR THE POLICE AND CRIME COMMISSIONER FOR WEST YORKSHIRE**

**Comprehensive Income and Expenditure Statement (CIES)**

The Chief Constable is responsible to the PCC for the day to day provision of the policing functions, including direction and control of police officers. To facilitate this, the PCC has delegated certain powers over authorisation of revenue expenditure within the agreed budget, and direction and control over police staff to the Chief Constable's Assistant Chief Officer.

Expenditure related to the Cost of Police Services will be shown in the Chief Constable Comprehensive Income and Expenditure Statement. All income and funding and expenditure directly controlled by the PCC will be shown in the PCC Single Entity CIES.

The Group CIES shows the consolidated income, funding and expenditure of the whole Group.

**Comprehensive Income and Expenditure Statement  
Police and Crime Commissioner Group**

\*Restated

2018/19			2019/20			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
209,526	0	209,526	Policing District West	149,506	0	149,506
201,531	0	201,531	Policing District East	142,729	0	142,729
109,781	0	109,781	Policing Specialist Operations	98,088	0	98,088
48,032	0	48,032	Policing Specialist Crime	38,935	0	38,935
41,000	0	41,000	Regional Policing	31,387	0	31,387
104,393	0	104,393	National Policing	87,636	0	87,636
88,588	0	88,588	Finance and Business Services	81,843	0	81,843
139,707	0	139,707	Corporate and Central Services CC	97,674	0	97,674
12,550	(149,729)	(137,179)	Corporate and Central Services PCC	16,027	(169,587)	(153,560)
<b>955,108</b>	<b>(149,729)</b>	<b>805,379</b>	<b>Cost of Policing Service</b>	<b>743,824</b>	<b>(169,587)</b>	<b>574,238</b>
		*(8)	Other operating expenditure (Note 7)			(43)
		144,340	Financing and investment income and expenditure (Note 8)			152,701
		(524,610)	Taxation and non-specific grant income and expenditure (Note 9)			(532,119)
		<b>425,101</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>194,777</b>
		(31,807)	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(24,417)
		*314,254	Remeasurement of net defined benefit liability / (asset)			57,314
		<b>282,447</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>32,897</b>
		<b>707,548</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>227,675</b>

\*See note 1b for details relating to the restatement



## Movement in Reserves Statement Police and Crime Commissioner Group

*Restated	Revenue Reserves			Capital Reserves				
	Police Fund Balance	Earmarked Reserves	General Fund Total	Deferred Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April 2018</b>	15,446	57,253	72,699	9,872	1,457	84,028	(5,014,908)	(4,930,880)
<b>Movement in Reserves during year</b>								
Surplus or (deficit) on the provision of services	*(425,101)	0	(425,101)	0	0	*(425,101)	0	(425,101)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(282,447)	(282,447)
<b>Total Comprehensive Income and Expenditure</b>	<b>(425,101)</b>	<b>0</b>	<b>(425,101)</b>	<b>0</b>	<b>0</b>	<b>(425,101)</b>	<b>(282,447)</b>	<b>(707,548)</b>
Adjustments between accounting basis & funding basis under regulations (note 5)	*410,599	0	410,599	(4,250)	1,017	*407,366	(407,366)	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>(14,502)</b>	<b>0</b>	<b>(14,502)</b>	<b>(4,250)</b>	<b>1,017</b>	<b>(17,735)</b>	<b>(689,813)</b>	<b>(707,548)</b>
Transfers (to)/from Earmarked Reserves (Note 6)	14,308	(14,308)	0	0	0	0	0	0
<b>Increase/Decrease in year</b>	<b>(194)</b>	<b>(14,308)</b>	<b>(14,502)</b>	<b>(4,250)</b>	<b>1,017</b>	<b>(17,735)</b>	<b>(689,813)</b>	<b>(707,548)</b>
<b>Balance at 31 March 2019 C/fwd</b>	<b>15,252</b>	<b>42,945</b>	<b>58,197</b>	<b>5,622</b>	<b>2,474</b>	<b>66,293</b>	<b>(5,704,722)</b>	<b>(5,638,429)</b>

\*See note 1b for details relating to the restatement

## Movement in Reserves Statement Police and Crime Commissioner and Group

	Revenue Reserves			Capital Reserves				
	Police Fund Balance	Earmarked Reserves	General Fund Total	Deferred Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April 2019</b>	15,252	42,945	58,197	5,622	2,474	66,293	(5,704,722)	(5,638,429)
<b>Movement in Reserves during year</b>								
Surplus or (deficit) on the provision of services	(194,777)	0	(194,777)	0	0	(194,777)	0	(194,777)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(32,897)	(32,897)
<b>Total Comprehensive Income and Expenditure</b>	<b>(194,777)</b>	<b>0</b>	<b>(194,777)</b>	<b>0</b>	<b>0</b>	<b>(194,777)</b>	<b>(32,897)</b>	<b>(227,675)</b>
Adjustments between accounting basis & funding basis under regulations (note 5)	185,729	0	185,729	577	(55)	186,252	(186,252)	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>(9,048)</b>	<b>0</b>	<b>(9,048)</b>	<b>577</b>	<b>(55)</b>	<b>(8,525)</b>	<b>(219,149)</b>	<b>(227,675)</b>
Transfers (to)/from Earmarked Reserves (Note 6)	6,356	(6,356)	0	0	0	0	0	0
<b>Increase/Decrease in year</b>	<b>(2,692)</b>	<b>(6,356)</b>	<b>(9,048)</b>	<b>577</b>	<b>(55)</b>	<b>(8,525)</b>	<b>(219,149)</b>	<b>(227,674)</b>
<b>Balance at 31 March 2020 C/fwd</b>	<b>12,555</b>	<b>36,589</b>	<b>49,145</b>	<b>6,199</b>	<b>2,419</b>	<b>57,763</b>	<b>(5,923,870)</b>	<b>(5,866,106)</b>



## Balance Sheet Police and Crime Commissioner Single Entity and Group

### Balance Sheet

Statutory and local arrangements and practice determine that the PCC holds and maintains direct control of all the assets, liabilities and reserves at the balance sheet date.

All the assets, liabilities and reserves are recognised on the PCC Balance Sheet other than liabilities relating to staff within the employment of the Chief Constable.

All payments for the Group are made by the PCC from the PCC Police Fund and all income and funding is received by PCC. The PCC also has a statutory responsibility for Treasury Management, and the management of cash and cash equivalents.

## Balance Sheet Police and Crime Commissioner Single Entity and Group

PCC 31 March 2019 £000	GROUP 31 March 2019 £000	GROUP Notes	GROUP 31 March 2020 £000	PCC 31 March 2020 £000
279,051	279,051	Property, Plant & Equipment	296,712	296,712
9,656	9,656	Intangible Assets	9,470	9,470
0	0	Long Term Investments	0	0
6,399	6,399	Long Term Debtor	4,368	4,368
<b>295,106</b>	<b>295,106</b>	<b>Long Term Assets</b>	<b>310,550</b>	<b>310,550</b>
52,963	52,963	Short Term Investments	64,335	64,335
312	312	Assets Held for Sale	3,688	3,688
2,602	2,602	Inventories	3,328	3,328
77,906	77,906	Short Term Debtors	64,893	64,893
4,719	4,719	Cash and Cash Equivalents	70	70
<b>138,502</b>	<b>138,502</b>	<b>Current Assets</b>	<b>136,314</b>	<b>136,314</b>
0	0	Cash and Cash Equivalents	(1,499)	(1,499)
(16,461)	(16,461)	Short Term Borrowing	(23,606)	(23,606)
(56,944)	(71,383)	Short Term Creditors	(79,932)	(63,648)
(2,383)	(2,383)	Short Term PFI Finance Lease Liability	(2,663)	(2,663)
(3,814)	(3,814)	Provisions	(2,857)	(2,857)
<b>(79,603)</b>	<b>(94,041)</b>	<b>Current Liabilities</b>	<b>(110,557)</b>	<b>(94,274)</b>
(6,399)	(6,399)	Long Term Creditors	(4,368)	(4,368)
(1,300)	(1,300)	Long Term Provisions	(2,000)	(2,000)
(85,532)	(85,532)	Long Term Borrowing	(74,995)	(74,995)
(90,227)	(90,227)	Long Term PFI Finance Lease Liability	(87,563)	(87,563)
(5,875)	(5,794,539)	Other Long Term Liabilities	(6,033,488)	(6,876)
<b>(189,332)</b>	<b>(5,977,996)</b>	<b>Long Term Liabilities</b>	<b>(6,202,414)</b>	<b>(175,802)</b>
<b>164,672</b>	<b>(5,638,430)</b>	<b>Net Assets</b>	<b>(5,866,108)</b>	<b>176,788</b>
66,291	66,291	Usable Reserves	57,761	57,761
98,381	(5,704,721)	Unusable Reserves	(5,923,869)	119,027
<b>164,672</b>	<b>(5,638,430)</b>	<b>Total Reserves</b>	<b>(5,866,108)</b>	<b>176,788</b>



## Cash Flow Statement Police and Crime Commissioner Single Entity and Group

PCC	GROUP		GROUP	PCC
2018/19	2018/19		2019/20	2019/20
£000	*Restated £000		£000	£000
19,149	*425,101	Net (surplus) or deficit on the provision of services	194,776	11,747
(15,381)	*(421,333)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(217,051)	(34,022)
(9,255)	(9,255)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities.	(9,111)	(9,111)
<b>(5,487)</b>	<b>(5,487)</b>	<b>Net Cash flows from Operating Activities (Note 20)</b>	<b>(31,385)</b>	<b>(31,385)</b>
(7,184)	(7,184)	Investing Activities (Note 21)	21,293	21,293
11,761	11,761	Financing Activities (Note 22)	16,240	16,240
<b>(910)</b>	<b>(910)</b>	<b>Net (Increase) or decrease in cash and cash equivalents</b>	<b>6,148</b>	<b>6,148</b>
(3,809)	(3,809)	Cash and cash equivalents at the beginning of the reporting period	(4,718)	(4,718)
<b>(4,719)</b>	<b>(4,719)</b>	<b>Cash and cash equivalents at the end of the reporting period (Note 15)</b>	<b>1,429</b>	<b>1,429</b>

\*See note 1b for details relating to the restatement



## NOTES TO THE ACCOUNTS

Where the Notes for the PCC single entity Accounts differ to that of the Groups, single entity detail will be included within the Group Note, otherwise the single entity Note is the same as the Group Note.

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## **Note 1a - ACCOUNTING POLICIES**

### **General**

The Police and Crime Commissioner for West Yorkshire (PCC) is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 and those Regulations require that they are to be prepared in accordance with proper accounting practices.

These financial statements have been prepared in accordance with the Code of Practice 2019/20 (the Code) on Local Authority Accounting in the United Kingdom. The accounting policies contained in the Code apply International Financial Reporting Standards (IFRS) as adapted for the public sector by the International Public Sector Accounting Standards (IPSAS).

### **Convention**

These financial statements have been prepared on a going concern basis, under the historical cost convention modified to account for the revaluation of certain categories of non-current assets and financial instruments.

### **Accruals**

Transactions should be reflected in the financial statements for the accounting period in which the effects are experienced and not necessarily in the period in which any cash is received or paid.

### **The West Yorkshire Police Group**

The West Yorkshire Police Group comprises two corporations sole: the Police and Crime Commissioner for West Yorkshire and the Chief Constable of West Yorkshire.

Both bodies are required to prepare a separate Statement of Accounts. Within this report there are two sets of financial statements, representing the accounts of:

- The Police and Crime Commissioner for West Yorkshire (the parent);
- The West Yorkshire Police Group.

The financial statements cover the 12 months to the 31 March 2020. The term 'Group' is used to indicate the aggregated transactions and policies of the PCC and the Chief Constable.

The identification of PCC as the holding organisation and the requirement to produce group accounts stems from the powers and responsibilities given to him under the Police Reform and Social Responsibility Act 2011.

### **Balance Sheet**

Statutory and local arrangements and practice determine that the PCC holds and maintains direct control of all the assets, liabilities and reserves at the balance sheet date.

Special arrangements exist in relation to the employee related liabilities (pension and accumulated absences) which are under the direction and control of the Chief Constable, which, in line with CIPFA guidance, are shown in the Chief Constable's balance sheet.

Based on the statutory powers and responsibilities as designated by the Police Reform and Social Responsibility Act 2011, and the local agreements and practice in place, and taking account of the guidance included in the Code, it has been determined that all the assets, liabilities and reserves are recognised on the PCC Balance Sheet other than liabilities relating to staff within the employment of the Chief Constable. These are recognised in the Chief Constable's balance sheet, although ultimate responsibility for the liability remains with the PCC Group.

All payments for the Group are made by the PCC from the PCC Police Fund and all income and funding is received by PCC. The PCC has the responsibility for managing the financial relationships with third parties and has legal responsibility for discharging the contractual terms and conditions of suppliers. The PCC also has a statutory responsibility for Treasury Management, and the management of cash and cash equivalents. As a result, working capital balances are shown on the balance sheet of the PCC.



### **Comprehensive Income and Expenditure Statement (CIES)**

Under the Police Reform and Social Responsibility Act 2011, the Chief Constable is responsible to the PCC for the day to day provision of the policing functions, including direction and control of police officers. To facilitate this, the PCC has delegated certain powers over authorisation of revenue expenditure within the agreed budget, and direction and control over police staff to the Chief Constable's Assistant Chief Officer, Business Operations.

Based on the statutory powers and responsibilities as designated by the Act, and the local agreements and practice in place, and taking account of the guidance included in the Code, it has been determined that expenditure related to the Cost of Police Services will be shown in the Chief Constable's comprehensive income and expenditure statement, funded by an equal and opposite credit from the PCC. All income and funding and expenditure directly controlled by the PCC (which is largely that expenditure which occurs below Cost of Police Services in the Group CIES) will be shown in the PCC Single Entity CIES.

The Group CIES shows the consolidated income, funding and expenditure of the whole Group.

### **Changes in Accounting Policy**

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

### **Critical Accounting Judgements in Applying Accounting Policies**

In the application of the accounting policies, management is required to make certain judgements, estimates and assumptions about complex transactions or those involving uncertainty about future events. These are set out in Note 2a to the Accounts.

### **Value Added Tax**

VAT is included in the Comprehensive Income and Expenditure Statement, whether of a revenue or capital nature, only to the extent that it is irrecoverable from HM Revenue and Customs. The PCC is responsible for the submission of a single VAT return covering all of the transactions from a group perspective.

### **Prior Period Adjustment (PPA)**

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment. Where material errors are discovered in prior period figures they are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

*Information relating to specific accounting policies can be found alongside the relevant accounting Notes from pages 27 – 68.*

### **International Accounting Standards that have been issued but not yet adopted**

- Amendments to IAS 19 Employment Benefits: Plan Amendment, Curtailment or Settlement which is likely to apply to the 2020/21 Accounts.
- IFRS 16 Leases will require Local Authorities that are lessees to recognise leases on their Balance Sheets as a right of use assets with corresponding lease. The standard has been deferred for the 2019/20 Statement of Accounts and is now effective for implementation on 01 April 2021. At this time, it is reasonably estimable that the value of the leases uplifted to the Balance Sheet will not be material



- Annual Improvements to IFRS Standards 2015-2017 Cycle which is likely to apply to the 2020/21 Accounts.

These amendments to International Financial Reporting Standards are not expected to have any material impact on the accounts.

### **Note 1b – PRIOR PERIOD ADJUSTMENT**

The Draft Accounts for the PCC and Group were published on the Police and Crime Commissioners website on 21 July 2020. Since that date the PCC's external auditors, Grant Thornton LLP, have audited the Accounts and the following main changes have been agreed and made to the PCC and Group Final Accounts:

1. Accounting treatment for Police Pension Top Up Grant
- 2.

The changes applied to the financial statements have had no impact on the General Fund and year end outturn. Affected Statements and Notes throughout the accounts have been highlighted as restated.

1. Accounting Treatment for Police Pension Top Up Grant

A Prior Period Adjustment has been carried out on the PCC and Group's accounting treatment for the Police Pension Top Up Grant. The Top Up Grant had been included within the Group's Comprehensive Income and Expenditure Statement as part of the remeasurement of net defined benefit liability / (asset), offset by the Top Up Grant being recognised as an expense in Note 7 Other Operating Expenditure for the same value, with a nil effect to the bottom line Total Comprehensive Income and Expenditure. It had also been recognised in the PCC's Single Entity Comprehensive Income and Expenditure Statement by an expense within Note 7 Other Operating Expenditure, and a reduction in the Intra-group funding balance, with an overall nil impact Surplus or deficit on the Provision of Services.

During the final audit it was highlighted the correct treatment was to recognise the Top Up Grant as an additional employers contribution. The value of the Top Up Grant was £90.2m for 2018/19, and £79.3m for 2019/20.

The adjustment affects the following statements in the Group Accounts: Comprehensive Income and Expenditure Statement by reducing the Surplus or (deficit) on the Provision of Services and increasing Other Comprehensive Income and Expenditure by equal values to the Top Up Grant. Also affected are the Cash Flow Statement and Movement in Reserves Statement, with an overall nil impact. The PCC's Single Entity Comprehensive Income and Expenditure Statement was affected by increasing the Cost of Policing Services and reducing Other Operating Expenditure with an over all nil impact on the (Surplus) or Deficit on the Provision of Services.

### **Note 2a – CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

In Applying the accounting policies, the PCC has to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- A judgement has been made of the expenditure allocated between the PCC and Chief Constable to reflect the financial resources of the PCC consumed at the request of the Chief Constable.
- On the 1<sup>st</sup> April 2018, significant changes were made to IFRS 9 (Financial Instruments). This has resulted in new classification categories for financial assets and liabilities. All investments and loans have been assessed at year end and all investments are made solely for the payment of principal and interest, a judgement has been made they should be held at amortised cost.
- The PCC is the lead local policing body for the National Police Air Service (NPAS) and regional collaborative working in partnership with the Yorkshire and Humber Forces to deliver a number of specific specialist services on a regional basis. The lead force arrangement has been reviewed against IFRS11 on joint arrangements and it has been determined that they fall outside the scope of a joint operation.

**Note 2b – ASSUMPTIONS ABOUT FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the financial statements requires the Group to make judgements, estimates and assumptions that affect the application of policies and reporting amounts of assets and liabilities, income and expenditure. Estimates and associated assumptions 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.

Items in the Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

ITEM	UNCERTAINTIES	EFFECT IF ACTUAL RESULTS DIFFER FROM ASSUMPTION
Pensions Liability	<p>Estimation of 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 judgements in respect of the performance of the underlying assets which the LGPS pension scheme invests in (it should be noted that the Police Officer Pension Scheme does not hold any assets). A firm of consulting actuaries is engaged to provide the PCC with expert advice in respect of the forecasts to be applied.</p> <p>The actuary's valuer has reported the 2019/20 year-end valuation of scheme assets on the basis of 'material valuation uncertainty' per VPGA 10 of the Royal Institution of Chartered Surveyors (RICS) Valuation - Global Standard. Consequently, the</p>	<p>The effect on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £108m for Police Officers and a reduction of £24m for Police Staff.</p> <p>Further details of the effect of accounting assumptions can be found within Note 30.</p> <p>The pension fund investments are spread over a number of asset classes within public and private financial markets. There is always an element of uncertainty inherent within the valuation of private assets, and now coupled with recent market uncertainty as a result of Covid19.</p> <p>Based on the current market conditions at the 31st March 2020, particularly in respect of COVID-19, the PCC understands that the volatility of the economy could have a direct impact on the net liability value. This will most likely be in the form of below-average returns on plan assets and market yields. However, the overall position is also influenced by the effect of market movements on the assumptions used to place a value on the defined benefit obligation. The return on the fund (on a bid value to bid value basis) for the year to 31st March 2020 is estimated to be -5%. The actual return on fund assets over the year may be different, particularly given the current uncertainty of the longer-term effect of COVID-19 on financial markets. Should expected returns not be as high as expected this will potentially impact the PCC's revenue account in the form of larger actuarial deficit payments in subsequent years.</p> <p>The 'material valuation uncertainty' opinion applied by the actuary's valuers is due to the element of scheme assets which relate to property investments, and the related uncertainty of asset valuations, and also material valuation uncertainty in respect of private equity investments.</p>

	<p>valuer has commented that less certainty and a higher degree of caution should be attached to the valuation than would normally be the case.</p>	<p>The wider external context will continue to be reviewed in 2020/21 to assess any further impacts which require potential impairment entries.</p>
Property	<p>The valuation date of properties was the 31<sup>st</sup> March 2020, which was shortly after Covid-19 was stated as a global pandemic on 11<sup>th</sup> March 2020. This has had an impact on economies, financial and property markets. Although the valuation date was after the Covid-19 pandemic, there is a risk that properties are valued at a higher or lower figure after 31<sup>st</sup> March 2020. The PCC has assessed the year end impact of Covid-19 on its asset base and sought the professional advice of its external valuers to determine whether its assets are materially misstated. The outbreak of COVID-19 has impacted global finances and market activity is being impacted in many sectors. The PCC's valuers have therefore stated that the valuations completed in 2019/20 have been undertaken on the basis of 'material valuation uncertainty' as per VPS3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a high degree of caution, should be attached to the valuation than would normally be the case.</p>	<p>Many of the properties are valued as specialist properties, which are valued on depreciated replacement cost (DRC) basis. It is possible that in the long term, the Covid-19 situation could impact on construction costs. As a result of Covid-19, the situation is currently a rapid changing economic environment and the existing Building Cost Information Services (BCIS) forecasts will be overtaken by these events and will be under frequent review. The PCC has carefully measured the value of its property, plant and equipment in light of this potential uncertainty, and had discussions with its valuers in respect of the possible issues arising. In summary it is acknowledged that less weight can be attached to previous market evidence for comparison purposes in respect of informing opinions of value. This means that the PCC's valuers are faced with an unprecedented set of circumstances on which to base a judgement. Given the unknown future impact that COVID-19 might have on the real estate market, the valuation of the PCC's non-current asset portfolio will be kept under frequent review until such a time that firmer valuations can be enacted. The wider external context will continue to be reviewed in 2020/21 to assess any further impacts.</p>
Insurance Provision	<p>The PCC's former insurer's MMI ceased trading in 1992 where there was a Scheme of Arrangement in case of insolvency involving a claw back of claims paid. It is difficult to predict the final outcome of claims until they are actually settled however, no levies have been paid during 2019/20.</p>	<p>There is a risk that existing claims are settled at higher or lower figures than estimated. In addition, since insurance claims develop over time, the requirement to make provisions could be increased by the identification in future years of additional liabilities incurred but not yet reported. The position with regard to MMI Ltd is being kept under review by the administrators and there may be further levies announced in future.</p>

**Note 3 – EVENTS AFTER THE BALANCE SHEET DATE**

The Statement of Accounts was authorised for issue by the Chief Finance Officer for the PCC on 21st July 2020. Events taking place after that date are not reflected in the financial statements or notes. However, where events after this date provide information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.



## Note 4 – EXPENDITURE AND FUNDING ANALYSIS

### Expenditure and Funding Analysis Police and Crime Commissioner (Single Entity)

\*Restated

2018/19				2019/20		
Net Expenditure Chargeable to General Fund Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the CIES £000		Net Expenditure Chargeable to General Fund Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the CIES £000
(137,585)	406	(137,179)	Corporate and Central Services PCC	(153,940)	380	(153,560)
<b>(137,585)</b>	<b>406</b>	<b>(137,179)</b>	<b>Net Cost of Services</b>	<b>(153,940)</b>	<b>380</b>	<b>(153,560)</b>
555,208	*115,839	*671,047	Intra-group adjustment	591,883	95,797	687,681
(409,520)	*(105,199)	*(514,719)	Other Income and Expenditure	(432,216)	(90,156)	(522,374)
6,401	(6,401)	0	Movement from Reserves to General Fund	3,323	(3,323)	0
<b>152,089</b>	<b>4,239</b>	<b>156,328</b>	<b>Other Income and Expenditure</b>	<b>162,990</b>	<b>2,318</b>	<b>165,307</b>
<b>14,504</b>	<b>4,645</b>	<b>19,149</b>	<b>(Surplus) or Deficit</b>	<b>9,050</b>	<b>2,698</b>	<b>11,747</b>
72,700			Opening General Fund Balance	58,197		
(14,504)			Less/Plus Surplus or (Deficit) on General Fund Balance in Year	(9,050)		
<b>58,197</b>			<b>Closing General Fund Balance at 31st March</b>	<b>49,145</b>		

\*See note 1b for details relating to the restatement

### Note to the Expenditure and Funding Analysis Police and Crime Commissioner (Single Entity)

2018/19				Adjustments Between Funding and Accounting Basis	2019/20			
Adjustments for Capital Purposes £000	Net Change in the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000	Adjustment from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £000	Net Change in the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
0	488	(82)	<b>406</b>	Corporate and Central Services PCC	0	355	25	<b>380</b>
<b>0</b>	<b>488</b>	<b>(82)</b>	<b>406</b>	<b>Net Cost of Services</b>	<b>0</b>	<b>355</b>	<b>25</b>	<b>380</b>
25,571	0	0	<b>25,571</b>	Intra group adjustment	16,451	0	0	<b>16,451</b>
(22,422)	77	1,013	<b>(21,332)</b>	Other income and expenditure from the Expenditure and Funding Analysis	(14,738)	94	510	<b>(14,134)</b>
<b>3,149</b>	<b>565</b>	<b>931</b>	<b>4,645</b>	<b>Difference Between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services</b>	<b>1,713</b>	<b>449</b>	<b>535</b>	<b>2,697</b>



## Expenditure and Funding Analysis Police and Crime Commissioner Single Entity and Group

\*Restated

2018/19				2019/20		
Net Expenditure Chargeable to General Fund Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the CIES £000		Net Expenditure Chargeable to General Fund Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the CIES £000
115,463	94,063	209,526	Policing District West	117,631	31,875	149,506
111,086	90,445	201,531	Policing District East	112,414	30,315	142,729
66,368	43,413	109,781	Policing Specialist Operations	81,705	16,383	98,088
29,943	18,089	48,032	Policing Specialist Crime	32,402	6,533	38,935
26,529	14,471	41,000	Regional Policing	26,871	4,516	31,387
68,057	36,336	104,393	National Policing	71,624	16,012	87,636
57,795	30,793	88,588	Finance and Business Services	63,891	17,952	81,843
79,967	59,740	139,707	Corporate and Central Services CC	85,345	12,329	97,674
(137,585)	406	(137,179)	Corporate and Central Services PCC	(153,940)	380	(153,560)
<b>417,623</b>	<b>387,756</b>	<b>805,379</b>	<b>Net Cost of Services</b>	<b>437,943</b>	<b>136,294</b>	<b>574,238</b>
(409,520)	*(105,199)	*(514,719)	Other Income and Expenditure PCC	(432,216)	(90,156)	(522,372)
0	134,441	134,441	Other Income and Expenditure CC	0	142,913	142,913
6,401	(6,401)	0	Movement from Reserves to General Fund	3,323	(3,323)	0
<b>(403,119)</b>	<b>22,841</b>	<b>(380,278)</b>	<b>Other Income and Expenditure</b>	<b>(428,893)</b>	<b>49,434</b>	<b>(379,459)</b>
<b>14,504</b>	<b>*410,597</b>	<b>*425,101</b>	<b>(Surplus) or Deficit</b>	<b>9,050</b>	<b>185,728</b>	<b>194,778</b>
72,700	Opening General Fund Balance			58,197		
(14,504)	Less/Plus Surplus or (Deficit) on General Fund Balance in Year			(9,050)		
<b>58,197</b>	<b>Closing General Fund Balance at 31st March</b>			<b>49,145</b>		

\*See note 1b for details relating to the restatement

## Note to the Expenditure and Funding Analysis Police and Crime Commissioner Single Entity and Group

\*Restated

2018/19				Adjustments Between Funding and Accounting Basis	2019/20			
Adjustments for Capital Purposes £000	Net Change in the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000	Adjustment from General Fund to arrive at the CIES	Adjustments for Capital Purposes £000	Net Change in the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
0	95,660	(1,617)	<b>94,043</b>	Policing District West	0	31,382	492	<b>31,874</b>
0	91,981	(1,540)	<b>90,441</b>	Policing District East	0	29,847	468	<b>30,315</b>
0	44,151	(714)	<b>43,437</b>	Policing Specialist Operations	0	16,130	253	<b>16,383</b>
0	18,396	(321)	<b>18,075</b>	Policing Specialist Crime	0	6,432	101	<b>6,533</b>
0	14,717	(259)	<b>14,458</b>	Regional Policing	0	4,446	70	<b>4,516</b>
11,011	25,755	(414)	<b>36,352</b>	National Policing	7,989	7,899	124	<b>16,012</b>
19,940	11,038	(171)	<b>30,807</b>	Finance and Business Services	15,360	2,552	40	<b>17,952</b>
(5,380)	66,226	(1,107)	<b>59,739</b>	Corporate and Central Services CC	(6,898)	18,930	297	<b>12,329</b>
0	488	(82)	<b>406</b>	Corporate and Central Services PCC	0	355	25	<b>380</b>
<b>25,571</b>	<b>368,410</b>	<b>(6,225)</b>	<b>387,756</b>	<b>Net Cost of Services</b>	<b>16,451</b>	<b>117,973</b>	<b>1,870</b>	<b>136,292</b>
(22,422)	*44,250	1,013	<b>*22,841</b>	Other income and expenditure from the Expenditure and Funding Analysis	(14,738)	63,561	510	<b>49,333</b>
<b>3,149</b>	<b>*412,660</b>	<b>(5,212)</b>	<b>*410,597</b>	<b>Difference Between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services</b>	<b>1,713</b>	<b>181,534</b>	<b>2,380</b>	<b>185,625</b>

\*See note 1b for details relating to the restatement



### Adjustment for Capital Purposes

Adjustment for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in year and those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

### Net Charge for the Pensions Adjustment

Net charge for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- **For services** this represents the removal of the employer pension contributions made by the PCC as allowed by statute and the replacement with current service costs and past service costs.
- **For Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the CIES.

### Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For **Financing and investing income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practice in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

### **Note 5 – ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION for the PCC and GROUP**

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Group in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the PCC to meet future capital and revenue expenditure. The following sets out the reserves that the adjustments are made against.

#### **General Fund Balance**

The General Fund is the statutory fund into which all receipts which the Group is required to pay and out of which all liabilities of the Group are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Group is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Group is required to recover) at the end of the financial year.



### Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. However, in the 2015 spending review these rules were relaxed, to allow Local Authorities to spend up to 100% of their fixed asset receipts on the revenue costs of reform projects to deliver more efficient and sustainable services.

The balance on the reserve shows the resources that have yet to be applied for at the year-end.

### Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Group has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure.

The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Restated	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves
Usable Reserves	£'000	£'000	£'000	£'000
<b>The following adjustments are for 2018/19</b>				
<b>Adjustments to the Revenue Resources</b>				
Amounts by which income and expenditure included in the CIES differs from revenue for the year calculated in accordance with statutory requirements				
Pension costs (to or from the Pensions Reserve)	(566)	0	0	(566)
Financial instruments (to or from FIAA)	(2)	0	0	(2)
Council tax and NDR (to or from the Collection Fund AA)	(1,012)	0	0	(1,012)
Officer remuneration (to or from the Accumulated Absences AA) PCC	82	0	0	82
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)	(17,887)	0	(1,017)	(18,904)
<b>Total Amendments to Revenue Resources PCC and GROUP</b>	<b>(19,385)</b>	<b>0</b>	<b>(1,017)</b>	<b>(20,402)</b>
Pension costs (to or from the Pensions Reserve)	*(412,094)	0	0	*(412,094)
Officer remuneration (to or from the Accumulated Absences AA)	6,143	0	0	6,143
<b>Total Amendments to Revenue Resources CC and GROUP</b>	<b>*(405,951)</b>	<b>0</b>	<b>0</b>	<b>*(405,951)</b>
<b>Total Amendments to Revenue Resources GROUP</b>	<b>*(425,336)</b>	<b>0</b>	<b>(1,017)</b>	<b>*(426,353)</b>
<b>Adjustments to the Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	770	(770)	0	0
Statutory provision for the repayment of debt (from the Capital AA)	4,522	0	0	4,522
Capital expenditure financed from revenue balances (to the Capital AA)	9,446	0	0	9,446
<b>Adjustments to the Revenue and Capital Resources PCC and GROUP</b>	<b>14,738</b>	<b>(770)</b>	<b>0</b>	<b>13,968</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure	0	5,020	0	5,020
<b>Total Adjustments to Capital Resources PCC and GROUP</b>	<b>0</b>	<b>5,020</b>	<b>0</b>	<b>5,020</b>
<b>Total Adjustments PCC</b>	<b>(4,647)</b>	<b>4,250</b>	<b>(1,017)</b>	<b>(1,414)</b>
<b>Total Adjustments CC</b>	<b>(405,951)</b>	<b>0</b>	<b>0</b>	<b>(405,951)</b>
<b>Total Adjustments GROUP</b>	<b>(410,598)</b>	<b>4,250</b>	<b>(1,017)</b>	<b>(407,365)</b>

\*See note 1b for details relating to the restatement



Usable Reserves
<b>The following adjustments are for 2019/20</b>
<b>Adjustments to the Revenue Resources</b>
Amounts by which income and expenditure included in the CIES and differs from revenue for the year calculated in accordance with statutory requirements
Pension costs (to or from the Pensions Reserve)
Financial instruments (to or from FIAA)
Council tax and NDR (to or from the Collection Fund AA)
Officer remuneration (to or from the Accumulated Absences AA)
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)
<b>Total Amendments to Revenue Resources PCC and GROUP</b>
Pension costs (to or from the Pensions Reserve)
Officer remuneration (to or from the Accumulated Absences AA)
<b>Total Amendments to Revenue Resources CC and GROUP</b>
<b>Total Amendments to Revenue Resources GROUP</b>

Usable Reserves			
General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves
£'000	£'000	£'000	£'000
(449)	0	0	(449)
20	0	0	20
(511)	0	0	(511)
(25)	0	0	(25)
(14,895)	0	55	(14,840)
<b>(15,859)</b>	<b>0</b>	<b>55</b>	<b>(15,804)</b>
(181,185)	0	0	(181,185)
(1,845)	0	0	(1,845)
<b>(183,030)</b>	<b>0</b>	<b>0</b>	<b>(183,030)</b>
<b>(198,889)</b>	<b>0</b>	<b>55</b>	<b>(198,834)</b>

<b>Adjustments to the Revenue and Capital Resources</b>
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve
Statutory provision for the repayment of debt (from the Capital AA)
Capital expenditure financed from revenue balances (to the Capital AA)
<b>Adjustments to the Revenue and Capital Resources PCC and GROUP</b>
<b>Adjustments to Capital Resources</b>
Use of the Capital Receipts Reserve to finance capital expenditure
<b>Total Adjustments to Capital Resources PCC and GROUP</b>
<b>Total Adjustments PCC</b>
<b>Total Adjustments CC</b>
<b>Total Adjustments GROUP</b>

577	(577)	0	0
3,261	0	0	3,261
9,323	0	0	9,323
<b>13,161</b>	<b>(577)</b>	<b>0</b>	<b>12,584</b>
0	0	0	0
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>(2,698)</b>	<b>(577)</b>	<b>55</b>	<b>(3,220)</b>
<b>(183,030)</b>	<b>0</b>	<b>0</b>	<b>(183,030)</b>
<b>(185,728)</b>	<b>(577)</b>	<b>55</b>	<b>(186,250)</b>

### **Note 6 – MOVEMENTS IN EARMARKED RESERVES for the PCC and GROUP**

This note sets out the amounts set aside by the PCC and Group from the Police Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2019/20.

	Balance at 1 April 2018 £000	Transfer Out 2018/19 £000	Transfer In 2018/19 £000	Balance at 31 March 2019 £000	Transfer Out 2019/20 £000	Transfer In 2019/20 £000	Balance at 31 March 2020 £000
Devovement Reserve	1,087	(2,705)	1,618	0	0	0	0
VIPER Reserve	4,638	0	442	5,080	(454)	0	4,626
PFI Reserve	14,052	(3,300)	809	11,561	0	840	12,401
Regional Working Reserve	1,198	(1,000)	625	823	(625)	0	198
Dilapidation Reserve	2,650	(1,000)	0	1,650	(1,120)	0	530
Capital Financing Reserve	16,594	(16,594)	0	0	0	0	0
PNLD Reserve	391	0	193	584	0	161	745
Organisational Change Fund	5,900	(6,737)	18,160	17,323	(7,701)	3,362	12,984
Insurance Reserve	2,400	(2,400)	0	0	0	0	0
Community Safety Fund	379	0	1,065	1,444	(35)	1,000	2,409
Partnership Executive Group	407	(815)	1,000	592	(1,228)	1,000	364
Innovation, Income Generation and Investment	250	(250)	0	0	0	0	0
Force Transformation	2,306	(2,306)	0	0	0	0	0
Operational Reserve	5,000	(1,464)	0	3,536	(1,464)	0	2,072
Wellbeing Reserve	0	(69)	420	351	(110)	18	259
<b>Total</b>	<b>57,253</b>	<b>(38,640)</b>	<b>24,332</b>	<b>42,945</b>	<b>(12,737)</b>	<b>6,381</b>	<b>36,589</b>


**Note 7 – OTHER OPERATING EXPENDITURE for the PCC and GROUP**

2018/19 *Restated £000		2019/20 £000
(12)	Flexible attachment	(25)
4	(Gains) / losses on the disposal of non-current assets	(18)
<b>*(8)</b>	<b>Total</b>	<b>(43)</b>

\*See note 1b for details relating to the restatement

**Note 8 – FINANCING AND INVESTING INCOME AND EXPENDITURE for the PCC and GROUP**

2018/19 £000		2019/20 £000
10,658	Interest payable and similar charges	10,473
(626)	Interest receivable and similar income	(778)
(210)	Net (gains)/losses on financial assets at fair value through profit and loss	0
77	Pensions net interest cost expense PCC	94
<b>9,899</b>	<b>Sub-total PCC</b>	<b>9,789</b>
134,441	Pensions net interest cost expense CC	142,912
<b>144,340</b>	<b>Total Group</b>	<b>152,701</b>

**Note 9 – TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE for the PCC and GROUP**

2018/19 £000		2019/20 £000
	Council tax income:	
(22,713)	Bradford Metropolitan District Council	(26,558)
(10,048)	Calderdale Council	(11,676)
(19,122)	Kirklees Council	(22,100)
(36,550)	Leeds City Council	(42,516)
(16,560)	Wakefield Metropolitan District Council	(18,973)
(127,500)	Non domestic rates	(130,051)
(169,131)	Police Grant	(172,809)
(16,693)	Revenue Support Grant	(16,693)
(90,269)	Police Pension Top Up	(79,346)
(4,713)	Capital grants and contributions	(2,267)
(11,311)	Capital grants and contributions NPAS	(9,130)
<b>(524,610)</b>	<b>Total</b>	<b>(532,119)</b>



## **Note 10 – EXPENDITURE AND INCOME ANALYSED BY NATURE for the PCC and GROUP**

### **Expenditure and Income Analysed by Nature**

<b>GROUP</b>	<b>2019/20 £000</b>	<b>2018/19 *Restated £000</b>
<b>Expenditure</b>		
Employee benefits expenses	**577,428	790,844
Premises related expenditure	21,104	20,130
Supplies and services	75,724	69,015
Transport related expenditure	31,891	28,747
Other service expenses	13,948	14,600
Pension related expenditure	143,007	*134,518
Depreciation, amortisation, impairment	25,732	33,138
Interest payments	10,493	10,658
Gain on the disposal of assets	(18)	3
<b>Total expenditure</b>	<b>899,309</b>	<b>1,101,653</b>
<b>Income</b>		
Fees, charges and other service income	(102,058)	(95,885)
Interest and investment income	(778)	(626)
Income from precepts, non-domestic rates	(251,874)	(232,493)
Government grants and contributions	(349,821)	(347,548)
<b>Total income</b>	<b>(704,531)</b>	<b>(676,552)</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>194,778</b>	<b>425,101</b>

\*See note 1b for details relating to the restatement

\*\*The large variance within employee benefits expenses is in relation to the McCloud court ruling which resulted in an increase of £302m to the past service cost arising that was recognised in the 2018/2019 accounts.

### **Expenditure and Income Analysed by Nature**

<b>PCC</b>	<b>2019/20 £000</b>	<b>2018/19 *Restated £000</b>
<b>Expenditure</b>		
Employee benefits expenses	3,316	2,861
Premises related expenditure	481	332
Supplies and services	12,140	9,280
Transport related expenditure	90	77
Other service expenses	2,116	*1,443
Interest payments	10,493	10,658
Gain on the disposal of assets	(18)	3
Intra Group Funding	687,660	*671,047
<b>Total expenditure</b>	<b>716,278</b>	<b>695,701</b>
<b>Income</b>		
Fees, charges and other service income	(102,058)	(95,885)
Interest and investment income	(778)	(626)
Income from precepts, non-domestic rates	(251,874)	(232,493)
Government grants and contributions	(349,821)	(347,548)
<b>Total income</b>	<b>(704,531)</b>	<b>(676,552)</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>11,747</b>	<b>19,149</b>

\*See note 1b for details relating to the restatement

## **Note 11 – PROPERTY, PLANT AND EQUIPMENT for the PCC and GROUP**

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services, for rental to others or for administrative purposes that are expected to be used for more than one financial year.

### **Recognition**

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item flows to the Group and the cost of the item can be measured reliably. It is subject to a de-minimis level of £10,000.

Expenditure that maintains but does not extend the previously assessed standards of performance, such as routine repairs and maintenance, is charged to revenue as it is incurred.

### **Measurement**

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet at current value. If there is no market-based evidence of current value, it is estimated using a depreciated replacement cost approach.

Land and building assets are re-valued at a minimum every five years in accordance with the Practice statements in the Appraisal and Valuation Standards issued by the Royal Institution of Chartered Surveyors. Any material changes to asset valuations are adjusted in the interim period as they occur. Increases in valuation are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement to reverse any previous charges made for related impairment losses.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### **Impairment**

The values of each category of assets and material individual assets are reviewed at the end of each financial year for evidence of reductions in value.

An impairment loss on a re-valued asset shall be recognised in the Revaluation Reserve (these entries are reflected in the Movement in Reserves Statement) to the extent that the impairment does not exceed the amount in the Revaluation Reserve for the same asset (i.e. up to the historical cost of the asset) and thereafter in the Surplus or Deficit on the Provision of Services.

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

### **Disposals**

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts in excess of £10,000 are classed as capital receipts and are credited to the Capital Receipts Reserve via an appropriation from the Movement in Reserves Statement. The Capital Receipts Reserve can only be used for new capital investment or set aside to reduce the underlying need to borrow (the capital financing requirement).



The amount written off disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Movement in Reserves Statement.

## Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets. An exception is made for assets without a determinable finite useful life such as freehold land and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on a straight line basis over the useful life of the asset as determined by the valuer. It is charged to the Comprehensive Income and Expenditure Statement. No depreciation is applied in year of acquisition or construction completing.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

## Capital Receipts

Capital Receipts are principally the proceeds arising from the sale of fixed assets. Insurance income from vehicle write-offs valued in excess of £10,000 per vehicle is also treated as Capital Receipts. Receipts less than £10,000 per item are treated as de-minimis and included in the Comprehensive Income and Expenditure Statement.

Movements in 2019/20	Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Assets Under Construction £'000	NPAS Helicopters £'000	NPAS Equipment £'000	PFI Land and Buildings £'000	Total Property, Plant and Equipment £'000
<b>COST OR VALUATION</b>							
<b>At 1 April 2019</b>	<b>107,932</b>	<b>63,828</b>	<b>14,609</b>	<b>25,451</b>	<b>38,488</b>	<b>78,572</b>	<b>328,880</b>
Additions	3,220	8,041	3,258	0	5,930	0	20,449
Revaluation increases/(decreases) in the Revaluation Reserve	10,173	0	0	0	0	6,599	16,772
Revaluation increases/(decreases) in the CIES	346	0	0	0	0	(201)	145
De-recognition - disposals	(30)	(12,201)	0	0	(498)	0	(12,729)
Assets reclassified (to)/from Held for Sale	(3,995)	0	0	0	0	0	(3,995)
Assets reclassified from Assets Under Construction	4,516	0	(4,516)	0	0	0	0
<b>At 31 March 2020</b>	<b>122,162</b>	<b>59,669</b>	<b>13,351</b>	<b>25,451</b>	<b>43,920</b>	<b>84,970</b>	<b>349,521</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>							
<b>At 1 April 2019</b>	<b>(4,292)</b>	<b>(31,736)</b>	<b>0</b>	<b>(101)</b>	<b>(13,701)</b>	<b>0</b>	<b>(49,830)</b>
Depreciation charge	(2,627)	(10,048)	0	(1,213)	(6,776)	(2,413)	(23,077)
Depreciation written out to the Revaluation Reserve	5,233	0	0	0	0	2,413	7,646
Impairment (losses)/reversals recognised in the CIES	0	(272)	0	0	0	0	(272)
Downward revaluation taken to Revaluation Reserve	0	0	0	0	0	0	0
De-recognition - disposals	24	12,201	0	0	498	0	12,723
<b>At 31 March 2020</b>	<b>(1,662)</b>	<b>(29,855)</b>	<b>0</b>	<b>(1,314)</b>	<b>(19,979)</b>	<b>0</b>	<b>(52,810)</b>
<b>NET BOOK VALUE</b>							
<b>At 31 March 2019</b>	<b>103,640</b>	<b>32,092</b>	<b>14,609</b>	<b>25,350</b>	<b>24,787</b>	<b>78,572</b>	<b>279,050</b>
<b>At 31 March 2020</b>	<b>120,500</b>	<b>29,814</b>	<b>13,351</b>	<b>24,137</b>	<b>23,940</b>	<b>84,970</b>	<b>296,712</b>



\*The 2018/2019 note for PPE has been amended for the split between cost and depreciation with nil impact on the net book value.

<b>Comparator Year: Movements in 2018/19</b>	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	NPAS Assets	NPAS Equipment	PFI Land and Buildings	Total property, Plant and Equipment
RESTATED	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>COST OR VALUATION</b>							
<b>At 1 April 2018</b>	<b>105,614</b>	<b>63,203</b>	<b>10,573</b>	<b>38,558</b>	<b>35,063</b>	<b>72,291</b>	<b>325,302</b>
Additions	5,185	8,317	4,036	0	6,656	0	24,194
Revaluation increases/(decreases) in the Revaluation Reserve	3,027	0	0	(11,750)	0	6,534	(2,189)
Revaluation increases/(decreases) in the CIES	337	0	0	(1,357)	0	(253)	(1,273)
NVA Expenditure to CIES	(5,185)	0	0	0	(22)	0	(5,207)
De-recognition - disposals	0	(7,692)	0	0	(3,209)	0	(10,901)
Assets reclassified (to)/from Held for Sale	(1,046)	0	0	0	0	0	(1,046)
Assets reclassified from Assets Under Construction	0	0	0	0	0	0	0
<b>At 31 March 2019</b>	<b>107,932</b>	<b>63,828</b>	<b>14,609</b>	<b>25,451</b>	<b>38,488</b>	<b>78,572</b>	<b>328,880</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>							
<b>At 1 April 2018</b>	<b>(5,228)</b>	<b>(28,115)</b>	<b>0</b>	<b>(19,628)</b>	<b>(10,791)</b>	<b>(6,106)</b>	<b>(69,868)</b>
Depreciation charge	(2,459)	(10,658)	0	(3,513)	(6,119)	(1,513)	(24,262)
Depreciation written out to the Revaluation Reserve	3,336	0	0	23,040	0	7,619	33,995
Impairment (losses)/reversals recognised in the CIES	0	(655)	0	0	0	0	(655)
Downward revaluation taken to Revaluation Reserve	59	0	0	0	0	0	59
De-recognition - disposals	0	7,692	0	0	3,209	0	10,901
<b>At 31 March 2019</b>	<b>(4,292)</b>	<b>(31,736)</b>	<b>0</b>	<b>(101)</b>	<b>(13,701)</b>	<b>0</b>	<b>(49,830)</b>
<b>NET BOOK VALUE</b>							
<b>At 31 March 2018</b>	<b>100,386</b>	<b>35,088</b>	<b>10,573</b>	<b>18,930</b>	<b>24,272</b>	<b>66,185</b>	<b>255,434</b>
<b>At 31 March 2019</b>	<b>103,640</b>	<b>32,092</b>	<b>14,609</b>	<b>25,350</b>	<b>24,787</b>	<b>78,572</b>	<b>279,050</b>

## DEPRECIATION

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Buildings (excluding land) - straight line allocation over the life of the property as estimated by the valuer.
- Vehicles - straight line method over 4 years.
- IT (including intangible fixed assets) and other equipment - straight line method over 5 years.
- Helicopters - straight line allocation over 15 years.

## CAPITAL COMMITMENT

At 31 March 2020, the 19/20 capital commitments are £11.024m, Including NPAS (2018/2019 capital commitments was £4.6m). The major commitments were:

- |                                    |       |
|------------------------------------|-------|
| • Halifax Refurbishment            | £3.7m |
| • Vehicle Replacement              | £1.3m |
| • PC Replacement                   | £1.2m |
| • Body Worn Video                  | £1.0m |
| • Firewall Upgrade                 | £0.7m |
| • Emergency Services Network (ESN) | £0.5m |

**REVALUATIONS**

The PCC and Group carries out a rolling programme on all Property, Plant and Equipment to ensure an appropriate and materially accurate valuation is maintained in the accounts.

Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimations set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of helicopters are based on current prices where there is an active second-hand market or latest list price adjusted for the condition of the asset. Other classes of vehicles, plant and equipment are carried at depreciated historic cost as a proxy for current value.

The significant assumptions in estimating the current values are:

- for operational land and buildings current value is interpreted as the amount that would be paid for the asset in its existing use.
- for non-operational land and buildings current value measurement is fair value, estimated at highest and best use from a market participant’s perspective.

The outbreak of the Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has impacted global financial markets, the national economy and the immediate working environment.

Market Values (or Specialist Assumption Valuations) have always been based on historic comparable evidence collated over a reasonable period, prior to the valuation date. Due to current events, it is likely that transactions will stall; whether this will lead to short term (or indeed long term) fluctuations in values is speculation.

In the short term, when providing valuations, we will still have to rely on recent transactional evidence, however much of this will be prior to the COVID-19 pandemic. Valuations will therefore be less certain and are provided with a higher than normal degree of caution.

The full economic impact of Covid-19 is not known but as an essential emergency services organisation, predominantly finance by government funding, the immediate impact is less than for many organisations. The majority of the portfolio is measured at depreciated replacement cost which is less impacted on property and labour markets. As at the 31<sup>st</sup> of March there is no market evidence to support amending property valuations in light of the impact of Covid-19. We continue to work closely with our external consultants to review this frequently.

Valuations were carried out on 31 March 2020 as follows:

Properties - By RICS Qualified external valuers from Carter Jonas, Leeds in accordance with CIPFA’s IFRS Code of Practice 2019/20. Land and Buildings were valued as at 31 March 2020, with a total value of £172m. The previous valuation of these properties was £144m.

The rolling programme for revaluation of non-current assets as at the Balance Sheet date:

	Land and Buildings £'000	Assets Under Constructions £'000	Vehicles, Plant, Furniture & Equipment £'000	NPAS Helicopter £'000	NPAS Equipment £'000	PFI Assets £'000	Total property, Plant and Equipment £'000
<b>Carried at historical cost</b>	<b>0</b>	<b>13,351</b>	<b>29,814</b>	<b>0</b>	<b>23,940</b>	<b>0</b>	<b>67,105</b>
Valued at current value as at:							
31 March 2020	87,306	0	0	0	0	84970	172,276
31 March 2019	16,653	0	0	24,137	0	0	40,790
31 March 2018	8,791	0	0	0	0	0	8,791
31 March 2017	7,483	0	0	0	0	0	7,483
31 March 2016	266	0	0	0	0	0	266
<b>Total Cost or Valuation</b>	<b>120,499</b>	<b>13,351</b>	<b>29,814</b>	<b>24,137</b>	<b>23,940</b>	<b>84,970</b>	<b>296,711</b>



## IMPAIRMENTS

During 2019/20, the PCC and Group has recognised a total impairment loss of £0.280m across a number of properties in its estate.

## ASSETS HELD FOR SALE

### Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset is recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on Provision of Services.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale (adjusted for depreciation and revaluations), and their recoverable amount at the date of the decision not to sell.

	Current		Non-Current	
	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000
<b>Balance outstanding at start of year</b>	<b>312</b>	<b>98</b>	<b>0</b>	<b>0</b>
Revaluation increase/(decrease) in the CIES	(66)	241	0	0
<b>Assets newly classified as held for sale:</b>				
Property, Plant and Equipment	3,995	747	0	0
<b>Assets declassified as held for sale:</b>				
Property, Plant and Equipment	0	0	0	0
<b>Assets sold</b>				
Property, Plant and Equipment	(553)	(774)	0	0
<b>Balance outstanding at year-end</b>	<b>3,688</b>	<b>312</b>	<b>0</b>	<b>0</b>

## INTANGIBLE ASSETS

Intangible Assets are identifiable non-monetary assets without physical substance. They must be controlled by the Group as a result of past events (e.g. software licences), and future economic or service benefits must be expected to flow from the intangible asset to the Group.

Expenditure on intangible assets is capitalised when it brings benefits to the Group for more than one financial year.

Internally generated assets are only recognised once it can be demonstrated that:

- The project is technically feasibility
- There is an intention to complete the asset and there is an ability to use or sell the asset
- the asset generates probable future economic benefit or service potential;
- The availability of adequate resources to complete the asset; and
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are measured initially at cost. Amounts are only revalued where the current value of the assets held can be determined by reference to an active market. In practice, no intangible asset held by the Group meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.



The PCC and Group accounts for its software and intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets may include both purchased licences and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the PCC and Group.

The carrying amount of intangible assets is amortised on a straight line basis.  
 The movement on Intangible Asset balances during the year is as follows:

	2019/20		2018/19	
	Other Assets £000	Total £000	Other Assets £000	Total £000
<b>Balance at start of the year</b>				
- Gross carrying amounts	13,773	<b>13,773</b>	8,766	<b>8,766</b>
- Accumulated amortisation	(2,668)	<b>(2,668)</b>	(2,418)	<b>(2,418)</b>
- Derecognition - Disposals	(1,449)	<b>(1,449)</b>	(233)	<b>(233)</b>
<b>Net carrying amount at start of year</b>	9,656	<b>9,656</b>	6,117	<b>6,117</b>
Additions:				
- Purchases	2,277	<b>2,277</b>	5,279	<b>5,279</b>
Impairment losses recognised in the CIES	0	<b>0</b>	(41)	<b>(41)</b>
Amortisation for the Period	(2,463)	<b>(2,463)</b>	(1,699)	<b>(1,699)</b>
<b>Net carrying amount at the end of year</b>	9,470	<b>9,470</b>	9,656	<b>9,656</b>
Comprising:				
- Gross Carrying amounts	14,600	<b>14,600</b>	13,773	<b>13,773</b>
- Accumulated amortisation	(5,130)	<b>(5,130)</b>	(4,117)	<b>(4,117)</b>
	9,470	<b>9,470</b>	9,656	<b>9,656</b>

## **Note 12 – FINANCIAL INSTRUMENTS for PCC and GROUP**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability of another. The term financial instrument covers both financial assets such as loans receivable, and financial liabilities such as borrowings.

### **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the PCC becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

For most of the borrowings that the PCC has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

### **Financial Assets**

To meet new Code requirements, financial assets are now classified based on the business model for holding the financial assets and their cash flow characteristics.

There are three main classes of financial assets measured at:

### **Amortised Cost**

Financial assets measured at amortised cost represent loan and loan-type arrangements where repayments of interest and principal take place on set dates and at specified amounts. The amount recognised in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement.

### Fair Value Through Other Comprehensive Income (FVOCI)

These are assets measured and carried at fair value. Where gains and losses occur due to changes in fair value (both realised and unrealised), these would be accounted for through a reserve account with balances debited or credited to the CIES when the asset is disposed of.

### Fair Value through Profit of Loss (FVPL)

These are assets measured and carried at fair value. Gains or losses due to changes in fair value (both realised and unrealised) would be recognised in the CIES as they occur.

The PCC's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

### Impairment of Financial Assets – Expected Credit Loss and Expected Credit Loss Allowance

At each reporting date, using reasonable and supportable forward looking information that is available without undue cost or effort, an authority shall assess whether the risk of default occurring over the life of the financial instrument has increased significantly since it was recognised. Some debts are unlikely to be recovered because something has happened since the debt was raised.

An assessment of the reduction in recoverable debt has been made both individually and collectively over the next 12 months. The PCC has considered the expected credit loss allowance under IFRS 9 and concluded that the impact will not be material.

### Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

	Long-Term		Current	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
<b>Financial Assets at Amortised Cost</b>				
Investments	0	0	64,335	52,963
Cash held by the Group	0	0	70	69
Cash equivalents	0	0	0	4,650
<b>Total Investments</b>	<b>0</b>	<b>0</b>	<b>64,405</b>	<b>57,682</b>
Debtors	0	0	15,752	17,408
<b>Total Debtors</b>	<b>0</b>	<b>0</b>	<b>15,752</b>	<b>17,408</b>
<b>Financial Liabilities at Amortised Cost</b>				
Borrowings	(74,995)	(85,532)	(23,606)	(16,461)
Bank Overdraft	0	0	(1,499)	0
<b>Total Borrowings</b>	<b>(74,995)</b>	<b>(85,532)</b>	<b>(25,105)</b>	<b>(16,461)</b>
<b>Other Long Term Liabilities</b>				
Private Finance Initiative	(87,563)	(90,227)	(2,663)	(2,383)
<b>Total Other Long Term Liabilities</b>	<b>(87,563)</b>	<b>(90,227)</b>	<b>(2,663)</b>	<b>(2,383)</b>
Creditors	0	0	(2,204)	(7,313)
<b>Total Creditors</b>	<b>0</b>	<b>0</b>	<b>(2,204)</b>	<b>(7,313)</b>



### Income, Expenses, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	2019/20			2018/19		
	Financial Liabilities measured at amortised cost	Financial Assets measured at FVPL	Total	Financial Liabilities measured at amortised cost	Financial Assets Loans and Receivables	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Net (gain)/loss on financial assets at FVPL	0	0	0	0	(210)	(210)
Interest expense	10,465	0	10,465	10,652	0	10,652
Impairment losses (gain)	0	0	0	0	0	0
Exchange rate loss on investment	0	0	0	0	0	0
Fee expense	8	0	8	6	0	6
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>10,473</b>	<b>0</b>	<b>10,473</b>	<b>10,658</b>	<b>(210)</b>	<b>10,448</b>
Interest income	(778)	0	(778)	(626)	0	(626)
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>(778)</b>	<b>0</b>	<b>(778)</b>	<b>(626)</b>	<b>0</b>	<b>(626)</b>
<b>Net (gain)/loss for the year</b>	<b>9,695</b>	<b>0</b>	<b>9,695</b>	<b>10,032</b>	<b>(210)</b>	<b>9,822</b>

### Fair Values of Assets and Liabilities Carried at Amortised Cost

Financial liabilities, financial assets represented by loans and receivables and long term debtors and creditors are carried on the balance sheet at amortised cost.

Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments.

Disclosures have not been made where the carrying amount is a reasonable approximation of fair value. The PCC has determined that for PFI scheme liabilities, the carrying value represents the best estimate of fair value, as the carrying value is based on the effective interest rate of the contract, which reflects the unique risks associated with that contract.

The fair values calculated are as follows:

	31 March 2020		31 March 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
PWLB debt	76,564	103,906	78,961	109,938
Non-PWLB debt	22,038	25,501	23,032	27,111
PFI	90,227	90,227	92,610	92,610
<b>Total debt</b>	<b>188,829</b>	<b>219,634</b>	<b>194,603</b>	<b>229,659</b>
Trade creditors	2,204	2,204	7,313	7,313
<b>Total Financial Liabilities</b>	<b>191,033</b>	<b>221,838</b>	<b>201,916</b>	<b>236,972</b>

The fair value is greater than the carrying amount because the PCC and Group's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date.



	31 March 2020		31 March 2019	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Money market loans < 1 year	64,335	64,335	52,963	52,963
Money market loans > 1 year	0	0	0	0
<b>Total loans and receivables</b>	<b>64,335</b>	<b>64,335</b>	<b>52,963</b>	<b>52,963</b>
Trade debtors	15,752	15,752	17,408	17,408
<b>Total loans and receivables</b>	<b>80,087</b>	<b>80,087</b>	<b>70,371</b>	<b>70,371</b>

### **Note 13 – INVENTORIES for PCC and GROUP**

2019/20	Opening Balance £000	Purchases £000	Expense in Year £000	Write Offs £000	Closing Balance £000
Clothing	1,669	5,195	(4,793)	0	2,071
Police Support Unit	325	420	(483)	0	262
Fuel	254	2,337	(2,367)	0	224
IT	46	677	(342)	0	381
Other	178	2,283	(2,221)	0	240
NPAS Fuel	132	1,894	(1,875)	0	151
	2,604	12,806	(12,081)	0	3,329

2018/19	Opening Balance £000	Purchases £000	Expense in Year £000	Write Offs £000	Closing Balance £000
Clothing	1,933	2,167	(2,432)	0	1,669
Police Support Unit	176	630	(481)	0	325
Fuel	220	2,420	(2,386)	0	254
IT	91	307	(352)	0	46
Other	186	2,046	(2,054)	0	178
NPAS Fuel	107	2,430	(2,405)	0	132
	2,713	10,000	(10,110)	0	2,604

### **Note 14 – DEBTORS for PCC and GROUP**

	31 March 2020 £000	31 March 2019 £000
Central government bodies	31,804	40,554
Local authorities	1,077	1,339
Police forces	17,328	19,171
Other entities and individuals	14,684	16,842
<b>Total current debtors</b>	<b>64,893</b>	<b>77,906</b>
Long term debtors	4,368	6,399
<b>Total debtors</b>	<b>69,261</b>	<b>84,305</b>



### **Note 15 – CASH AND CASH EQUIVALENTS for PCC and GROUP**

Cash is represented by cash in hand and deposits with any financial institution, re-payable without penalty, on notice of no more than 24 hours. Cash equivalents are highly liquid investments that mature within three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the PCC's cash management.

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2020 £000	31 March 2019 £000
Cash held by the Group	70	69
Short-term deposits with banks	0	4,648
<b>Total</b>	<b>70</b>	<b>4,717</b>
Bank current accounts	(1,499)	2
<b>Total Cash and Cash Equivalents</b>	<b>(1,429)</b>	<b>4,719</b>

The Group holds cash seizures and property on behalf of third parties in relation to suspected or intended acts of crime until a court decision is made. These monies are therefore not included in the Police and Crime Commissioner's Balance Sheet. As at the 31<sup>st</sup> March 2020 the sum of these transactions was £6.3m (previous year balance £8.3m).

### **Note 16 – CREDITORS for PCC and GROUP**

	31 March 2020 £000	31 March 2019 £000
Central government bodies	15,692	14,078
Local authorities	11,531	7,040
Police forces	8,376	6,904
Other entities and individuals PCC	28,049	28,923
<b>Current creditors PCC and GROUP</b>	<b>63,648</b>	<b>56,945</b>
Other entities and individuals CC	16,284	14,439
<b>Current creditors PCC and GROUP</b>	<b>16,284</b>	<b>14,439</b>
<b>Total current creditors GROUP</b>	<b>79,932</b>	<b>71,384</b>
Long term creditors PCC and GROUP	4,368	6,399
<b>Total creditors Group</b>	<b>84,300</b>	<b>77,783</b>



## **Note 17 – PROVISIONS for PCC and GROUP**

Provisions are made where an event has taken place that gives rise to a legal or constructive obligation that probably requires settlement by a transfer of economic benefits, and a reliable estimate can be made of the amount of the obligation.

	<b>Outstanding Legal Cases £000</b>	<b>Injury and Damage Compensation Claims £000</b>	<b>Insurance £000</b>	<b>Other Provisions £000</b>	<b>Total £000</b>
<b>Balance at 1 April 2019</b>	1,335	258	2,407	1,114	<b>5,114</b>
Additional provisions made in 2019/20	1,308	1,054	673	60	<b>3,095</b>
Amounts used in 2019/20	(1,005)	(643)	(591)	(1,114)	<b>(3,354)</b>
<b>Balance at 31 March 2020</b>	<b>1,638</b>	<b>669</b>	<b>2,489</b>	<b>60</b>	<b>4,856</b>

	<b>Outstanding Legal Cases £000</b>	<b>Injury and Damage Compensation Claims £000</b>	<b>Insurance £000</b>	<b>Other Provisions £000</b>	<b>Total £000</b>
<b>Balance at 1 April 2018</b>	1,087	35	1,660	1,046	<b>3,828</b>
Additional provisions made in 2018/19	816	870	1,175	68	<b>2,929</b>
Amounts used in 2018/19	(568)	(647)	(428)	0	<b>(1,643)</b>
<b>Balance at 31 March 2019</b>	<b>1,335</b>	<b>258</b>	<b>2,407</b>	<b>1,114</b>	<b>5,114</b>

### **Outstanding Legal Cases**

The amount provided of £1.638m in respect of outstanding legal claims is made up of £0.370m for employment tribunals and £0.822m for litigated insurance claims, and £0.446m for other legal cases.

### **Injury Compensation Claims**

All of the injury compensation claims are individually insignificant. They relate to personal injury sustained where the PCC and Group is alleged to be at fault. Provision is made for those claims where it is deemed probable that the PCC and Group will have to make a settlement, based on past experience of court decisions about liability and the amount of damages payable. The PCC and Group may be reimbursed by its insurers, but until claims are actually settled no income is recognised.

### **Insurance Provision**

The PCC and Group has a provision to meet certain claims made against it. The provision currently bears the first £350,000 of any claim arising from the following policies:

- (i) Public/Products Liability
- (ii) Liability to Employees
- (iii) Motor Vehicles (Third Party Liability, £400,000 excess)
- (iv) Libel and Slander
- (v) Officials Indemnity

The PCC and Group, on the advice of its insurance brokers, has provided £225k in respect of the anticipated clawback of previous claims settlements under the Municipal Mutual Insurance (MMI) Scheme of Arrangement. MMI was a mutual insurance provider which became technically insolvent in 1992. All other provisions are individually insignificant.



### **Note 18 – USABLE RESERVES for PCC and GROUP**

Specific amounts are set aside as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts from the Police Fund in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred it is charged to revenue as part of the Cost of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the Movement in Reserves Statement, so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits and do not represent usable resources – these reserves are explained elsewhere in the relevant Accounting Policies and notes to the financial statements.

Movements in usable reserves are detailed in the Movement in Reserves Statement.

31 March 2019 £000		31 March 2020 £000
15,252	General Fund Balance	12,555
2,474	Capital Grants Unapplied Account	2,419
5,622	Capital Receipts Reserve	6,199
	<b><i>Earmarked Reserves:</i></b>	
5,080	Viper Reserve	4,626
11,561	PFI Reserve	12,401
823	Regional Working Reserve	198
1,650	Dilapidations Reserve	530
584	PNLD Reserve	745
17,323	Organisational Change Fund	12,984
1,444	Community Safety Fund	2,409
592	Partnership Executive Group	364
3,536	Operational Reserve	2,072
351	Wellbeing Reserve	259
<b>66,293</b>	<b>Total Usable Reserves</b>	<b>57,762</b>

### **Note 19 – UNUSABLE RESERVES for PCC and GROUP**

The reserves of the PCC and Group have been presented to show a clear distinction between accounting reserves that are unusable and cannot be used to support expenditure and usable reserves.

31 March 2019 £000		31 March 2020 £000
63,485	Revaluation Reserve	85,331
40,608	Capital Adjustment Account	40,921
(347)	Financial Instruments Adjustment Account	(327)
551	Collection Fund Adjustment Account	40
(5,874)	Pensions Reserve PCC	(6,873)
(41)	Accumulated Absences Adjustment Account PCC	(66)
<b>98,381</b>	<b>Total Unusable Reserves PCC and GROUP</b>	<b>119,025</b>
(5,788,664)	Pensions Reserve CC	(6,026,612)
(14,439)	Accumulated Absences Adjustment Account CC	(16,284)
<b>(5,803,102)</b>	<b>Total Unusable Reserves CC and GROUP</b>	<b>(6,042,895)</b>
<b>(5,704,721)</b>	<b>Total Unusable Reserves GROUP</b>	<b>(5,923,870)</b>

#### **Revaluation Reserve**

The Revaluation Reserve contains the gains made arising from increases in the value of Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost



- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2018/19 £000	Revaluation Reserve	2019/20 £000
<b>32,782</b>	<b>Balance at 1 April</b>	<b>63,485</b>
31,807	Revaluation of Assets	24,417
0	Impairment losses not charged to the Surplus/Deficit on the Provision of Services	0
<b>31,807</b>	<b>Surplus on revaluation of non-current assets not charged to the Surplus/Deficit on the Provision of Services</b>	<b>24,417</b>
(195)	Amount written off on disposal	(452)
(909)	Difference between fair value depreciation and historical cost depreciation	(2,119)
<b>(1,104)</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>(2,571)</b>
<b>63,485</b>	<b>Balance at 31 March</b>	<b>85,331</b>

### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the PCC and Group as finance for the costs of acquisition, construction and enhancement.

The Account contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 5 provides details of the source of all transactions posted to the Account, apart from those involving the Revaluation Reserve.

2018/19 £000	Capital Adjustment Account	2019/20 £000
<b>39,421</b>	<b>Balance at 1 April</b>	<b>40,608</b>
	<b>Reversal of items relating to capital expenditure debited or credited to the CIES:</b>	
(24,262)	Charges for depreciation of non-current assets	(23,077)
(7,176)	Charges for impairment of non-current assets	(193)
(1,699)	Amortisation of intangible assets	(2,463)
(774)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(559)
<b>(33,911)</b>		<b>(26,292)</b>
1,104	Adjusting amounts written out of the Revaluation Reserve	2,571
<b>(32,807)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(23,721)</b>
	<b>Capital financing applied in the year:</b>	
5,020	Use of the Capital Receipts Reserve to finance new capital expenditure	0
4,713	Capital grants and contributions credited to the CIES that have been applied to capital financing	2,267
11,311	Capital grants and contributions credited to the CIES that have been applied to capital financing NPAS	9,130
(1,017)	Application of grants to capital financing from the Capital Grants Unapplied Account	53
4,522	Statutory provision for the financing of capital investment charged against the Police Fund	3,261
9,446	Capital expenditure charged against the Police Fund Balance	9,323
<b>33,995</b>		<b>24,034</b>
<b>40,608</b>	<b>Balance at 31 March</b>	<b>40,921</b>

### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The PCC and Group uses the Account to manage premiums paid and discounts received on the early redemption of loans.

Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the Police Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the Police Fund Balance in accordance with statutory arrangements for spreading the burden on council tax.

Discounts are treated similarly, being credited to the Comprehensive Income and Expenditure Statement, reversed out to the Financial Instruments Adjustment Account and the income posted back over time to the Police Fund Balance.

As a result of past debt restructuring, the balance of premiums and discounts currently included within the Account will be transferred to the Police Fund over a period of years, being fully written out by 2052/53.

2018/19 £000	Financial Instruments Adjustment Account	2019/20 £000
(1,195)	Premiums on repayment of loans	(1,230)
850	Discounts on repayment of loans	883
<b>(345)</b>	<b>Balance at 1 April</b>	<b>(347)</b>
	<b>Movement during the year:</b>	
(35)	Premiums amortised to Police Fund during year	(13)
33	Discounts amortised to Police Fund during year	33
<b>(2)</b>	<b>Amount by which finance costs charged to the CIES different from finance costs chargeable in the year in accordance with statutory requirements</b>	<b>20</b>
(1,230)	Premiums on loans c/fwd	(1,243)
883	Discounts on loans c/fwd	916
<b>(347)</b>	<b>Balance at 31 March</b>	<b>(327)</b>

### Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory requirements for paying across amounts to the Police Fund from the Collection Funds of the Billing Authorities.

2018/19 £000	Collection Fund Adjustment Account	2019/20 £000
<b>1,563</b>	<b>Balance at 1 April</b>	<b>551</b>
(1,012)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(511)
<b>551</b>	<b>Balance at 31 March</b>	<b>40</b>

### Pensions Reserve

The 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 PCC and Group accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet costs. However, statutory arrangements require benefits earned to be financed as the PCC and Group makes employer's



contributions to pension funds or eventually pays pensions for which it is directly responsible. The debit balance on the Pension Reserve therefore shows substantial shortfall in the benefits earned by past and current employees and the resources the PCC and Group has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2018/19 *Restated £000	Pensions Reserve GROUP	2019/20 £000
<b>(5,067,624)</b>	<b>Balance at 1 April</b>	<b>(5,794,538)</b>
*(314,254)	Actuarial gains or losses on pensions assets and liabilities	(57,314)
(567,693)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(338,468)
*155,033	Employer's pensions contributions and direct payments to pensioners payable in the year	156,835
<b>(5,794,538)</b>	<b>Balance at 31 March</b>	<b>(6,033,485)</b>

\*See note 1b for details relating to the restatement

2018/19 £000	Pensions Reserve Police and Crime Commissioner	2019/20 £000
<b>(5,104)</b>	<b>Balance at 1 April</b>	<b>(5,874)</b>
(205)	Actuarial gains or losses on pensions assets and liabilities	(551)
(761)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(659)
196	Employer's pensions contributions and direct payments to pensioners payable in the year	211
<b>(5,874)</b>	<b>Balance at 31 March</b>	<b>(6,873)</b>

### Accumulated Absences Adjustment Account

The Accumulated Absences Adjustment Account represents the value of the future obligation of the PCC and Group to pay officers and staff in respect of unused accumulated absences not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the Police Fund Balance is neutralised by transfers to or from the Account.

2018/19 £000	GROUP	2019/20 £000
<b>(20,705)</b>	<b>Balance at 1 April</b>	<b>(14,480)</b>
6,225	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,870)
<b>(14,480)</b>	<b>Balance at 31 March</b>	<b>(16,350)</b>

2018/19 £000	PCC	2019/20 £000
<b>(123)</b>	<b>Balance at 1 April</b>	<b>(41)</b>
82	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(25)
<b>(41)</b>	<b>Balance at 31 March</b>	<b>(66)</b>



### Note 20 – CASHFLOW STATEMENT – OPERATING ACTIVITIES

PCC		GROUP	GROUP	PCC
2018/19	2018/19		2019/20	2019/20
£000	*Restated £000		£000	£000
<b>(19,149)</b>	<b>(425,101)</b>	<b>Surplus / (Deficit) for the year</b>	<b>(194,777)</b>	<b>(11,747)</b>
1,699	1,699	Amortisation of intangible fixed assets	2,463	2,463
31,437	31,437	Depreciation and impairment of fixed assets	23,270	23,270
(3,697)	(3,697)	Capital & Grant Contribution	(2,320)	(2,320)
(11,311)	(11,311)	Capital & Grant Contribution NPAS	(9,130)	(9,130)
566	566	Pensions PCC	449	449
0	*412,094	Pensions CC	181,185	0
1,286	1,286	Provisions set aside in year	(259)	(259)
110	110	(Increase) / decrease in stock	(726)	(726)
5,546	5,546	(Increase) / decrease in debtors	15,044	15,044
(11,029)	(17,171)	Increase / (Decrease) in creditors	6,517	4,672
774	774	Carrying amount of non-current asset sold	559	559
(771)	(771)	Proceeds from sale of property, plant & equipment	(577)	(577)
10,652	10,652	Interest paid	10,466	10,466
(626)	(626)	Interest received	(778)	(778)
<b>5,487</b>	<b>5,487</b>	<b>Net cash flows from operating activities</b>	<b>31,385</b>	<b>31,385</b>

\*See note 1b for details relating to the restatement

### Note 21 – CASHFLOW STATEMENT – INVESTING ACTIVITIES for PCC and GROUP

2018/19 £000		2019/20 £000
29,473	Purchase of property, plant and equipment, investment property and intangible assets	22,726
292,963	Purchase of short-term and long-term investments	390,572
(771)	Proceeds from sale of property, plant and equipment, investment property and intangible assets	(577)
(313,215)	Proceeds from short-term and long-term investments	(379,200)
(3,697)	Capital Grants	(2,320)
(11,311)	Capital Grants NPAS	(9,130)
(626)	Interest received	(778)
<b>(7,184)</b>	<b>Net cash flows from investing activities</b>	<b>21,293</b>

### Note 22 – CASHFLOW STATEMENT – FINANCING ACTIVITIES for PCC and GROUP

2018/19 £000		2019/20 £000
(295,285)	Cash receipts of short- and long-term borrowing	(251,995)
294,207	Repayments of short- and long-term borrowing	255,387
2,187	Cash payments for the reduction of the outstanding liabilities relating to PFI contracts	2,383
10,652	Other payments for financing activities	10,465
<b>11,761</b>	<b>Net cash flows from financing activities</b>	<b>16,240</b>

### Note 23 – MEMBERS ALLOWANCES for PCC and GROUP

The PCC and Group paid the following amounts to members of the Joint Independent Audit and Ethics Committee during the year.

	2019/20 £000	2018/19 £000
Allowances	11	14
Expenses	0	0
<b>Total</b>	<b>11</b>	<b>14</b>

### **Note 24 – OFFICER REMUNERATION for PCC and GROUP**

The remuneration paid to senior employees and senior police officers is as follows:

<b>PCC 2019/20</b>		<b>Salary, Fees and Allowances £</b>	<b>Pension Contribution £</b>	<b>Total £</b>
Police and Crime Commissioner	01.04.19- 31.03.20	100,000	12,400	<b>112,400</b>
Deputy Police and Crime Commissioner	01.04.19- 31.03.20	42,892	5,319	<b>48,211</b>
*Chief Executive and Solicitor	01.04.19- 31.03.20	30,814	765	<b>31,579</b>
Interim Chief Executive	01.04.19- 31.03.20	104,523	12,961	<b>117,484</b>
Treasurer and Chief Finance Officer PCC	01.04.19- 31.03.20	94,771	11,752	<b>106,523</b>
<b>CC 2019/20</b>				
D Collins Chief Constable	01.04.19- 30.04.19	29,772	0	<b>29,772</b>
J Robins Chief Constable	01.05.19- 31.03.20	174,138	49,993	<b>224,131</b>
J Robins Temporary Chief Constable	01.04.19- 30.04.19	12,364	3,752	<b>16,116</b>
R Foster Deputy Chief Constable	01.05.19- 31.03.20	143,546	38,227	<b>181,773</b>
R Foster Temporary Deputy Chief Constable	01.04.19- 30.04.19	9,811	2,931	<b>12,742</b>
Temporary Assistant Chief Constable (Protective Services - Crime)	01.04.19- 30.04.19	112,799	32,162	<b>144,961</b>
A Williams Assistant Chief Constable (People Directorate)	01.04.19- 31.03.20	118,253	35,690	<b>153,943</b>
Assistant Chief Constable (Protective Services Ops)	01.04.19- 31.03.20	114,651	33,806	<b>148,457</b>
C Hankinson Assistant Chief Constable (District Policing)	01.04.19- 31.03.20	115,131	35,690	<b>150,821</b>
Assistant Chief Officer (Finance & Business Services) and Chief Finance Officer CC	01.04.19- 31.03.20	115,563	14,276	<b>129,839</b>
<b>TOTAL GROUP</b>		<b>1,319,028</b>	<b>289,724</b>	<b>1,608,752</b>



<b>PCC 2018/19</b>		<b>Salary, Fees and Allowances £</b>	<b>Pension Contribution £</b>	<b>Total £</b>
Police and Crime Commissioner	01.04.18-31.03.19	100,000	12,431	<b>112,431</b>
Deputy Police and Crime Commissioner	01.04.18-31.03.19	36,776	8,108	<b>44,884</b>
Chief Executive and Solicitor	01.04.18-31.03.19	13,166	1,633	<b>14,799</b>
Interim Chief Executive	01.04.18-31.03.19	102,386	12,734	<b>115,120</b>
Treasurer and Chief Finance Officer PCC	01.04.18-31.03.19	92,947	11,666	<b>104,613</b>

**CC 2018/19**

Dee Collins Chief Constable	01.04.18 - 02.12.18	129,703	0	<b>129,703</b>
John Robins Temporary Chief Constable	03.12.18 - 31.03.19	53,064	11,621	<b>64,685</b>
John Robins Deputy Chief Constable	01.04.18 - 02.12.18	103,352	23,242	<b>126,594</b>
Temporary Deputy Chief Constable	03.12.18 - 31.03.19	42,484	9,079	<b>51,563</b>
Temporary Assistant Chief Constable	03.12.18 - 31.03.19	33,431	7,248	<b>40,679</b>
Assistant Chief Constable (Protective Services - Crime)	01.04.18 - 02.12.18	83,417	18,158	<b>101,575</b>
Assistant Chief Constable (People Directorate)	01.04.18-31.03.19	120,011	27,236	<b>147,247</b>
Assistant Chief Constable (Protective Services Ops)	01.04.18 - 20.05.18	19,451	3,691	<b>23,142</b>
Assistant Chief Constable (Protective Services Ops)	14.05.18 - 31.03.19	97,500	22,054	<b>119,554</b>
Assistant Chief Constable (District Policing)	01.04.18-31.03.19	114,362	26,464	<b>140,826</b>
Assistant Chief Officer (Finance & Business Services) and Chief Finance Officer CC	01.04.18-31.03.19	117,384	13,956	<b>131,340</b>
<b>TOTAL GROUP</b>		<b>1,259,434</b>	<b>209,321</b>	<b>1,468,755</b>

Other employees and senior police officers, not disclosed in the table above, receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

GROUP Remuneration Band	Number of Employees		GROUP Remuneration Band	Number of Employees	
	2019/20	2018/19		2019/20	2018/19
£50,000 - £54,999	34	33	£85,000 - £89,999	6	8
£55,000 - £59,999	28	45	£90,000 - £94,999	10	9
£60,000 - £64,999	26	43	£95,000 - £99,999	2	4
£65,000 - £69,999	40	22	£100,000 - £104,999	4	1
£70,000 - £74,999	15	6	£105,000 - £110,999	5	1
£75,000 - £79,999	4	3	£120,000 - £124,999	1	0
£80,000 - £84,999	1	5	£155,000 - £159,999	1	0



PCC Remuneration Band	Number of Employees	
	2019/20	2018/19
£50,000 - £54,999	1	0
£55,000 - £59,999	0	1
£60,000 - £64,999	2	0
£65,000 - £69,999	0	1
£70,000 - £74,999	1	0

The number of exit packages for the Group with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit Packages GROUP	Compulsory Redundancies	Other Departures	Total	Exit Packages GROUP	Compulsory Redundancies	Other Departures	Total
2019/20	£	£	£	2019/20	No	No	No
£0-£20,000	18,314	20,956	39,270	£0-£20,000	4	2	6
£20,001-£40,000	30,844	82,190	113,033	£20,001-£40,000	1	3	4
£40,001-£60,000	0	155,597	155,597	£40,001-£60,000	0	3	3
£60,001-£80,000	0	209,505	209,505	£60,001-£80,000	0	3	3
£80,001-£100,000	0	80,208	80,208	£80,001-£100,000	0	1	1
£100,001-£150,000	0	215,814	215,814	£100,001-£150,000	0	2	2
£150,001-£200,000	0	184,706	184,706	£150,001-£200,000	0	1	1
	49,157	948,976	998,133		5	15	20

The Group terminated the contracts of a number of employees in 2019/20, incurring liabilities of £0.40m (£0.74m in 2018/19). Severance payments totalling £0.03m were identified as being due in the early part of 2019/20 (£0.42m in 2018/19) and were accrued in the Comprehensive Income and Expenditure Statement.

\*The Chief Executive and Solicitor left his employment in April 2019. The exit costs are made up of the charges paid from the Local Government Pension Scheme known as pension strain costs which are paid to the pension fund to make up the contributions that would have been paid into the pension fund up to the individuals normal retirement date and a redundancy payment.

### **Note 25 – EXTERNAL AUDIT COSTS for PCC and GROUP**

The Group has incurred the following costs in relation to the audit of the Statement of Accounts.

	2019/20 £000	2018/19 £000
Fees payable to Grant Thornton with regard to external audit services for the Police and Crime Commissioner	39	32
Fees payable to Grant Thornton with regard to external audit services for the Chief Constable	21	17
<b>Total Group</b>	<b>60</b>	<b>49</b>



### **Note 26 – GRANT INCOME for PCC and GROUP**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due when there is reasonable assurance that the conditions attached to the payments is complied with and the grants or contributions are received.

Grants and contributions for which conditions have not been satisfied may result in the funding being returned to the transferor.

The PCC and Group credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2019/20.

	2019/20 £000	2018/19 £000
<b>Credited to Taxation and Non Specific Grant Income</b>		
Precept	121,823	104,993
Principal Grant	172,809	169,131
National Non Domestic Rates	130,051	127,500
Council Tax Benefit Grant	14,467	14,467
Precept Freeze Grant	2,226	2,226
Pensions Top Up Grant	79,346	90,269
Capital Grants	2,267	4,713
Capital Grants NPAS	9,130	11,311
<b>Total</b>	<b>532,119</b>	<b>524,610</b>
<b>Credited to Services</b>		
Counter Terrorist Unit Grant	32,107	30,054
PFI Grant	12,329	12,329
Home Office Special Grant	5,990	1,249
Pension Grant	5,107	0
Regional Crime Grant	4,702	7,644
Violence Reduction Grant	3,369	0
Victim Support Grant	2,665	2,673
Recruitment Uplift Grant	1,277	0
Other Small Grants	2,030	1,482
<b>Total</b>	<b>69,576</b>	<b>55,431</b>

### **Note 27 – RELATED PARTIES for PCC and GROUP**

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

In this context related parties include The Police and Crime Commissioner for West Yorkshire; Central Government; Key Management Personnel including Senior Managers and Close Family Members of Key Management Personnel; Other Public Bodies.

#### **The Police and Crime Commissioner for West Yorkshire**

The Police and Crime Commissioner has direct control over the Group's finances and is responsible for issuing the Police and Crime Plan. The Chief Constable retains operational independence and operates within the budget set by the Police and Crime Commissioner to deliver the aims and objectives set out in the Police and Crime Plan.

#### **Central Government**

Central Government has significant influence over the general operations of the PCC and Group – it is responsible for providing the statutory framework within which the Group operates, providing the majority of funding in the form of grants to the PCC and prescribes the terms of many of the transactions with other parties.

#### **Key Management**

Key Management personnel are required to complete a declaration of any transactions which they have pecuniary interest in. No interests were declared in 2019/20.



## **Note 28 – CAPITAL EXPENDITURE AND CAPITAL FINANCING for PCC and GROUP**

The total amount of capital expenditure incurred in the year is shown in the table below, with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the PCC and Group, the expenditure results in an increase in the Capital Financing Requirements (CFR), a measure of the capital expenditure incurred historically by the PCC and Group that has yet to be financed. The CFR is analysed in the second part of this note.

	2019/20 £000	2018/19 £000
<b>Opening Capital Financing Requirement</b>	<b>184,923</b>	<b>189,445</b>
<b>Capital investment</b>		
Property, Plant and Equipment	20,449	24,194
Intangible Assets	2,277	5,279
<b>Sources of finance</b>		
Capital Receipts	0	(5,020)
Government grants and other contributions	(2,320)	(3,696)
Government grants and other contributions NPAS	(9,130)	(11,311)
<b>Sums set aside from revenue:</b>		
Financing from Reserves	(3,303)	(6,401)
Direct revenue contributions	(6,020)	(3,045)
Minimum revenue provision	(3,261)	(4,522)
<b>Closing Capital Financing Requirement (CFR)</b>	<b>183,615</b>	<b>184,923</b>
<b>Explanation of movements in year</b>		
Increase in underlying need to borrowing (supported)	1,953	0
Provision for Debt Repayment (MRP)	(3,261)	(4,522)
Assets acquired under PFI contract	0	0
Increase in underlying need to borrowing (unsupported)	0	0
<b>Increase/(decrease) in Capital Financing Requirement (CFR)</b>	<b>(1,308)</b>	<b>(4,522)</b>

## **Note 29 – LEASES for PCC and GROUP**

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Leased land is treated as an operating lease. Leased buildings are assessed as to whether they are operating or finance leases.

Arrangements that do not have the legal status of a lease but convey the right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets. This would include Private Finance Initiative (PFI) contracts.

### **The Group as Lessee**

#### **Finance leases**

Assets held under finance leases are recognised on the Balance Sheet at the commencement of the lease at fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs are added to the carrying amount of the asset. Premiums paid are applied to write down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between a charge for the acquisition of the interest in the asset (applied to write down the lease liability) and a finance charge debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Assets recognised under finance leases are accounted for using policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life where ownership of the asset does not transfer to the PCC at the end of the lease period.



The PCC is not required to raise council tax to cover depreciation, or revaluation and impairment losses arising on leased assets. Instead a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory guidance. Depreciation and revaluation and impairment losses are therefore replaced by the revenue contribution in the Police Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **Operating leases**

Rentals payable under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense to the service benefitting from their use. Charges are made on a straight-line basis over the term of the relevant lease, even where this does not match the pattern of payments.

From 2019/20 the majority of leases will be classified as an operating lease and changes will be reflected in the Leases note in the Financial Statements.

The Code of Practice requires the PCC and Group to disclose its obligations under operating and finance leases, and a statement on the assets it holds and leases out to third parties. A finance lease is one which transfers substantially all the risks and rewards of ownership of the asset to the lessee. If the terms of a lease means that the risks and rewards of ownership remain with the lessor, then the lease is accounted for as an operating lease.

### **PCC and Group as Lessee**

#### **Finance Leases**

The PCC and Group has acquired a number of properties under finance leases. The asset acquired under each lease is carried as Property, Plant and Equipment (PPE) in the Balance Sheet at the following net amounts.

	<b>2019/20 £000</b>	<b>2018/19 £000</b>
Land and Buildings (PPE)	9,458	9,722
PFI Infrastructure (PPE)	84,970	78,573
<b>Total</b>	<b>94,428</b>	<b>88,295</b>

The PCC and Group is committed to making minimum lease payments under the PFI lease comprising settlement of the long-term liability for the interest in the asset acquired by the PCC and Group and finance costs that will be payable in future years while the liability remains outstanding.

In relation to the non PFI lease, a premium was paid at the inception of the lease and therefore no outstanding commitment to make future payments in respect of those leases.

The minimum lease payments in respect of the PFI lease are made up of the following amounts:

	<b>2019/20 £000</b>	<b>2018/19 £000</b>
Finance lease liabilities (net present value of minimum lease payments)		
Current	2,663	2,383
Non-current	87,563	90,227
Finance costs payable in future years	77,258	83,903
<b>Minimum lease payments</b>	<b>167,484</b>	<b>176,513</b>

The minimum lease payments will be paid over the following periods:

	Minimum Lease Payments		Finance Lease Payments	
	<b>2019/20 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>	<b>2018/19 £000</b>
Not later than 1 year	9,138	9,029	2,663	2,383
Later than one year and not later than five years	35,395	35,615	11,463	10,900
Later than five years	122,951	131,870	76,100	79,326
<b>Minimum lease payments</b>	<b>167,484</b>	<b>176,513</b>	<b>90,227</b>	<b>92,610</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into. In 2019/20 £0.2m (2018/19 £0.9m) contingent rents were payable by the PCC and Group.

Further information on PFI can be found in Note 30.

### Operating Leases

The future minimum lease payments due under non-cancellable leases in future years are:

	2019/20 £000	Reinstatement 2018/19 £000
No later than one year	397	357
Later than one year and not later than five years	1,258	1,307
Later than five years	3,248	2,999
<b>Total</b>	<b>4,903</b>	<b>4,663</b>

The 2018/19 reinstatement of the above note reflects a small number of leases that have been previously omitted from the accounts. This has been identified through a data collection exercise as part of the IFRS 16 Leases standard amendment.

### **Note 30 – PRIVATE FINANCE INITIATIVES (PFI) for PCC and GROUP**

PFI and similar contracts are agreements to receive the services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. PCC is deemed to control the services that are provided under PFI schemes, and ownership of the property, plant and equipment will pass to the PCC at the end of the contract for no additional charge. The PCC carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The former Police Authority approved a contract with a PFI provider (Interserve) in May 2012, the assets coming into use during 2013/14 and 2014/15. The PCC receives a profiled capital grant in the form of Home Office PFI credits, the profile of which does not match the PFI scheme liabilities. The difference is invested in a sinking fund to smooth the payments over the life of the scheme.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment), was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the PCC.

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair Value of the services received during the year: This is debited to the relevant service in the Comprehensive Income and Expenditure Statement
- Finance Cost: an interest charge of 7.2% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Contingent Rent: increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Payment towards liability: applied to write down the Balance Sheet liability towards the PFI operator (the profile of write downs is calculated using the same principles as for a finance lease).
- Lifecycle replacement costs: The proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.



### PFI and similar contracts

The PFI is a source of funding used for long term major projects, involving a private sector entity for constructing or upgrading property used in the provision of a public service, and operating and maintaining that property for a specified period of time.

In May 2012 the former Police Authority entered into a Private Finance Initiative (PFI) scheme to provide three new operational buildings within West Yorkshire. Payment to the contractor, the unitary payment, began in November 2013 with the opening of the first building and commencement of the service. The second building became operational in February 2014, and the final building became operational in April 2014. The contractor will operate and service the buildings for 25 years after which ownership will revert to the Police and Crime Commissioner at nil cost. The unitary payment will be met from revenue and a PFI grant awarded by the Home Office.

### Property Plant and Equipment

The buildings are recognised on the Group and PCC Balance Sheets. Movements in their value over the year are detailed in the analysis of movements in Property Plant and Equipment in Note 11.

### Payments

The Group makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2020 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Service Charge £000	Lifecycle Costs £000	Interest Costs £000	Finance Liability £000	Total Unitary Payment £000
Future payments:					
Payable in 20/21	2,259	138	6,474	2,663	11,534
Between 2 to 5 years	9,064	1,676	23,932	11,463	46,135
Between 6 to 10 years	11,323	2,217	24,633	19,496	57,669
Between 11 to 15 years	11,323	3,212	16,664	26,471	57,669
Between 16 to 19 years	9,198	1,218	5,554	30,133	46,104
<b>Total</b>	<b>43,167</b>	<b>8,460</b>	<b>77,258</b>	<b>90,227</b>	<b>219,111</b>

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the service they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed.

The liability outstanding to be paid to the contractor for capital expenditure incurred is as follows:

	2019/20 £000	2018/19 £000
Balance outstanding at start of year	92,610	94,797
Capital expenditure incurred in the year	0	0
Payments during the year	(2,383)	(2,187)
Balance Outstanding at year-end	90,227	92,610
Current liabilities	2,663	2,383
Long Term Liabilities	87,563	90,227
<b>Total Liability</b>	<b>90,227</b>	<b>92,610</b>

Financial transactions in the year have been as follows:

	2019/20 £000	2018/19 £000
Financial transactions in the year have been as follows:-		
PFI grant receipts (in advance)	(12,329)	(12,329)
PFI grant applied	11,706	11,827
Balance contributed to PFI reserve	(623)	(502)
Unitary charge	12,682	12,436
Penalties imposed/(Compensation)	(976)	(609)
<b>Total Payment</b>	<b>11,706</b>	<b>11,827</b>

The unitary charge is split into service elements and a construction element. The service element is charged to revenue as it is incurred and the construction element is accounted for as if it were a finance lease.

The unitary payment has been split up as follows:

	2019/20 £000	2018/19 £000
The unitary payment has been split as follows:-		
Fair value of services	2,259	1,649
Lifecycle replacement	247	286
Contingent rent	172	902
Finance lease interest charges	6,645	6,802
Lease redemption	2,383	2,187
<b>Unitary Payment</b>	<b>11,706</b>	<b>11,826</b>

### **Note 31 – DEFINED BENEFIT PENSION SCHEME for PCC and GROUP**

The Group participates in four pension schemes administered by:  
The West Yorkshire Pension Fund for Staff Pensions and XPS for Police Officer Pensions.

The Local Government Pension Scheme (LGPS) for Group Staff employees is a funded scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

There are three Pension Schemes for Police Officers :-

- The 1987 Police Pension Scheme for Police Officers (PPS). This scheme was closed to new recruits from April 2006 when a new scheme was introduced with different contribution rates.
- The 2006 New Police Pension Scheme for Police Officers (NPPS). The 2006 scheme was closed to new recruits from April 2015 when a new scheme was introduced.
- The 2015 Police Pension Scheme for Police Officers.

All are unfunded schemes meaning that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

Following funding changes introduced on 1 April 2006 the Group now pays an employer’s pension contribution into the Pension Fund Account in respect of both schemes.

The schemes provide defined benefits to members (retirement lump sums and pensions) related to pay and service.

#### **Assets and Liabilities**

The attributable assets of the LGPS are measured at fair value. As unfunded schemes, the police pension schemes have no assets.

The attributable liabilities of each scheme are measured on an actuarial basis using the projected unit method, by assessing the future payments that is 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;

The change in the net pension liability is analysed into seven components:

**Current service cost** – the increase in liabilities as a result of years of service earned this year – allocated in the CIES to the services for which the employees worked.

**Past service cost** – the increase in liabilities arising from current year decisions, the effect relates to years of service earned in earlier years, debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs.

**Net interest expense on the net defined benefit liability (asset)** – the change during the period in the net defined liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES. 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.

### 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 salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the PCC or the Chief Constable.

### Termination Benefits

Termination benefits are amounts payable as a result of a decision 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 CIES at the earlier of when the PCC can no longer withdraw the offer of those benefits or when the PCC recognises costs for a restructuring.

### Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the reported Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Group is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the Police Fund via the Movement in Reserves Statement. The following transactions have been made in CIES and the Police Fund Balance via the Movement in Reserves Statement during the year:

LGPS = Local Government Pension Scheme.

POLICE PS = Police Pension Scheme.

	PCC	GROUP	GROUP	PCC	GROUP	GROUP
	LGPS	LGPS	POLICE PS	LGPS	LGPS	POLICE PS
	£000	£000	£000	£000	£000	Restated £000
	2019/20	2019/20	2019/20	2018/19	2018/19	2018/19
<b>COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT</b>						
<b>Cost of Services</b>						
<i>Service cost comprising:</i>						
Current service costs	556	42,092	121,475	453	34,568	96,514
Past service costs	10	740	31,155	231	17,669	284,424
(Gain)/loss from settlements	0	0	0	0	0	0
<i>Finance and Investment Income and Expenditure:</i>						
Net interest expense	94	7,122	135,884	77	5,892	128,626
<b>Pension Costs Recognised in the Provision of Services</b>	<b>659</b>	<b>49,954</b>	<b>288,514</b>	<b>761</b>	<b>58,129</b>	<b>509,564</b>
<b>Other Post-employment Benefits charged to the CIES</b>						
<i>Remeasurement of the net defined benefit liability comprising:</i>						
<i>Return on plan assets Actuarial gain/(loss)</i>	872	66,052	0	(313)	(23,882)	*0
<i>Experience (gain)/loss on assets</i>	0	0	0	0	0	0
<i>Experience (gain)/loss on liabilities</i>	144	10,935	0	(5)	(376)	0
<i>Actuarial (gain)/loss on changes in demographic assumptions</i>	(469)	(35,544)	(92,423)	0	0	0
<i>Actuarial (gain)/loss on changes in financial assumptions</i>	4	288	108,006	522	39,870	298,642
<b>Pension Costs Recognised in Other Comprehensive Income and Expenditure</b>	<b>551</b>	<b>41,731</b>	<b>15,583</b>	<b>205</b>	<b>15,612</b>	<b>*298,642</b>
<b>Total Pension Costs Recognised in the CIES</b>	<b>1,210</b>	<b>91,685</b>	<b>304,097</b>	<b>966</b>	<b>73,741</b>	<b>808,206</b>



<b>MOVEMENT IN RESERVES STATEMENT</b>						
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(659)	(49,954)	(288,514)	(761)	(58,129)	*(509,564)
<b>Actual amount charged against the Police Fund Balance for pensions in the year:</b>						
<b>Employers contributions payable to scheme</b>	211	15,975	56,426	196	14,955	44,328
<b>Additional Employers contributions To Police Pension Fund Account</b>	0	0	79,203	0	0	*90,240
<b>Retirement benefits payable to pensioners</b>	0	0	5,088	0	0	5,482

\*See note 1b for details relating to the restatement

Remeasurements comprising:

**Return on plan assets** – excluding amounts included in net interest on the net defined benefit liability (asset), charges to the Pension 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 LGPS** – cash paid as employers contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

### Post-Employment Benefits

As part of the terms and conditions of employment of its officers and other employees, the Group makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

### Reconciliation of the Movements in the Net Defined Benefit Obligation

The amount included in the Balance Sheet arising from the Group's obligation in respect of its defined benefits plan is as follows:

	PCC	GROUP	GROUP	PCC	GROUP	GROUP
	LGPS	LGPS	POLICE PS	LGPS	LGPS	POLICE PS
	£000	£000	£000	£000	£000	£000
	2019/20	2019/20	2019/20	2018/19	2018/19	2018/19
Fair value of plan assets	10,666	653,218	0	11,132	688,483	0
Present value of the defined benefit obligation	(17,541)	(1,021,730)	(5,665,144)	(17,008)	(981,285)	(5,501,764)
<b>Pension asset/(liability) recognised on the Balance Sheet</b>	<b>(6,875)</b>	<b>(368,512)</b>	<b>(5,665,144)</b>	<b>(5,876)</b>	<b>(292,802)</b>	<b>(5,501,764)</b>

### Reconciliation of the Movements in the Fair Value of Scheme Assets

	PCC	GROUP	PCC	GROUP
	LGPS	LGPS	LGPS	LGPS
	£000	£000	£000	£000
	2019/20	2019/20	2018/19	2018/19
<b>Opening fair value of scheme assets</b>	<b>11,132</b>	<b>688,483</b>	<b>10,558</b>	<b>644,697</b>
Interest income	229	17,385	220	16,808
<i>Remeasurements gain / (loss)</i>				
The return on plan assets, excluding the amount included in the net interest expense	(872)	(66,052)	313	23,882
Contributions from employer	211	15,975	196	14,955
Contributions from employees into the scheme	107	8,079	100	7,648
Benefits paid	(141)	(10,652)	(256)	(19,507)
<b>Closing fair value of scheme assets</b>	<b>10,666</b>	<b>653,218</b>	<b>11,132</b>	<b>688,483</b>


**Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)**

	PCC	GROUP	GROUP	PCC	GROUP	GROUP
	LGPS	LGPS	POLICE PS	LGPS	LGPS	POLICE PS
	£000	£000	£000	£000	£000	£000
	2019/20	2019/20	2019/20	2018/19	2018/19	2018/19
<b>Opening present value of scheme liabilities</b>	<b>(17,007)</b>	<b>(981,285)</b>	<b>(5,501,764)</b>	<b>(15,664)</b>	<b>(878,713)</b>	<b>(4,833,608)</b>
Current service cost	(556)	(42,092)	(121,475)	(453)	(34,568)	(96,514)
Interest cost	(323)	(24,507)	(135,884)	(297)	(22,700)	(128,626)
Contribution from scheme participants	(107)	(8,079)	(23,586)	(100)	(7,648)	(23,274)
<i>Remeasurement (gain) and loss:</i>						
Actuarial gain/(loss) arising from changes in demographic assumptions	469	35,544	92,423	0	0	0
Actuarial gain/(loss) arising from changes in financial assumptions	(4)	(288)	(108,006)	(522)	(39,870)	(298,642)
Actuarial gain/(loss) on liabilities - experience	(144)	(10,935)	0	5	376	0
Past service costs	(10)	(740)	(31,155)	(231)	(17,669)	(284,424)
Benefits paid	141	10,652	164,303	256	19,507	163,324
<b>Closing present value of scheme liabilities</b>	<b>(17,541)</b>	<b>(1,021,730)</b>	<b>(5,665,144)</b>	<b>(17,007)</b>	<b>(981,285)</b>	<b>(5,501,764)</b>

**Local Government Pension Scheme assets comprised:**

	PCC				GROUP			
	2019/20		2018/19		2019/20		2018/19	
	£000	%	£000	%	£000	%	£000	%
Equities	8,266	77.5%	8,237	74.0%	506,244	77.5%	509,477	74.0%
Property	480	4.5%	523	4.7%	29,395	4.5%	32,359	4.7%
Government Bonds	1,024	9.6%	1,247	11.2%	62,709	9.6%	77,110	11.2%
Corporate Bonds	544	5.1%	445	4.0%	33,314	5.1%	27,539	4.0%
Cash	203	1.9%	256	2.3%	12,411	1.9%	15,835	2.3%
Other	149	1.4%	423	3.8%	9,145	1.4%	26,162	3.8%
<b>Total Assets</b>	<b>10,666</b>	<b>100.0%</b>	<b>11,131</b>	<b>100.0%</b>	<b>653,218</b>	<b>100.0%</b>	<b>688,483</b>	<b>100.0%</b>

**Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels, etc. The LGPS was assessed by AON Hewitt, and the Police Pension scheme by Mercers, both independent firms of actuaries. The most recent full actuarial valuations in respect of the staff scheme was carried out as at 31 March 2016, and in respect of the police schemes as at 31 March 2019.

The principal assumptions used by the actuaries have been:

	PCC and GROUP			
	LGPS		POLICE PS	
	2019/20	2018/19	2019/20	2018/19
<i>Mortality assumptions:</i>				
<i>Longevity at 65 (staff) 60 (officers) for current pensioners:</i>				
Men	21.8	22.2	27.0	27.1
Women	24.6	25.4	29.1	29.1
<i>Longevity at 65 (staff) 60 (officers) for future pensioners:</i>				
Men	22.5	23.2	29.2	29.1
Women	25.7	27.2	31.3	31.1
Rate of Inflation CPI	1.90%	2.10%	2.10%	2.20%
Rate of increase in salaries	3.15%	3.35%	3.60%	3.70%
Rate of increase in pensions	1.90%	2.10%	2.20%	2.30%
Rate for discount rate	2.30%	2.50%	2.30%	2.50%



The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in previous periods.

#### Impact on the Defined Benefit Obligation in the Scheme

	PCC		GROUP			
	LGPS £000		LGPS £000		POLICE PS £000	
	2019/20		2019/20		2019/20	
	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
<i>Value of Funded Liabilities:</i>						
With above assumptions	(17,501)	(17,501)	(1,019,408)	(1,019,408)	(5,665,144)	(5,665,144)
	+0.1%	-0.1%	+0.1%	-0.1%	+0.1%	-0.1%
Rate for discounting scheme liabilities (+/- 0.1%)	(17,081)	(17,921)	(994,942)	(1,043,874)	(5,557,475)	(5,772,813)
Rate for increase in salaries (+/- 0.1%)	(17,571)	(17,431)	(1,023,486)	(1,015,330)	(5,685,459)	(5,644,829)
Rate for increase in pensions (+/- 0.1%)	(17,851)	(17,134)	(1,039,796)	(998,000)		
Rate for increase in inflation (+/- 0.1%)					(5,775,132)	(5,555,156)
	+1 year	+1 year	+1 year	-1 year	+1 year	-1 year
Adjustment to mortality age (+/- 1 year)	(16,941)	(18,061)	(986,787)	(1,052,029)	(5,823,159)	(5,507,129)

#### Impact on the Group's Cash flows

The objectives of the schemes are to keep employers contributions at as constant a rate as possible.

The Group's expected contribution to the schemes in 2020/21 is:

Police Pension Scheme £141m.

Local Government Pension Scheme £18.7m (The PCC's share of the LGPS is approx. 1.3%).

#### Police Pension Regulations

The Chief Constable of West Yorkshire, along with other Chief Constables and the Home Office, currently has claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015.

These claims against the Police pension scheme (the Aarons case) had previously been stayed behind the McCloud/Sergeant judgement, but have now been lifted and a case management hearing was held on 25 October 2019.

The resulting Order of 28 October 2019 included an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. This interim declaration applies to claimants only.

However, the Government made clear that non-claimants who are in the same position as claimants will be treated fairly to ensure they do not lose out. This was re-iterated in the Written Ministerial Statement on 25 March.

The Police Minister has indicated that remedy period will not end before 2022. It is anticipated the Treasury will consult on proposals to implement remedy in the coming months to be followed by primary legislation and scheme regulation.

### **Impact on Pension Liability**

Allowing for all members to remain in their existing scheme as at 1 April 2015 would lead to an increase in the Police Pension Scheme liabilities. Scheme actuaries have estimated the potential increase in scheme liabilities for The Chief Constable of West Yorkshire to be £284m of pensions scheme liabilities. This increase was reflected in the IAS 19 disclosure as a past service cost in the 2018-19 accounts.

The impact of an increase in scheme liabilities arising from the McCloud/Sergeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2023/24, although this timetable is subject to change.

The impact of an increase in annual pension payments arising from McCloud/Sergeant is determined through the Police Pension Fund Regulations 2007. These require a police authority to maintain a police pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have sufficient funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the police authority in the form of a central government top-up grant.

The employment tribunal has agreed a process for the consideration of compensation claims between April 2020 and January 2021. The basis of claims from claimants is due in April 2020 and the identity and banding of claims proposed by claimants is due in June for non-pecuniary claims and September for pecuniary claims. As at 31st March 2020, it is not possible to estimate the extent or likelihood of these claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

### **Note 32 – CONTINGENT LIABILITIES for PCC and GROUP**

A contingent liability arises where an event has taken place that gives rise to a possible obligation whose existence is only confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but it is not probable that an outflow of resources is required or the amount of the obligation cannot be measured reliably.

#### **Termination Benefits**

A major programme of organisational change has been put in place to meet the challenge of reduced resources resulting from the Government's Spending Review. This focuses on protecting as far as possible frontline services, whilst making significant savings in back and middle office and support functions. As a result there will be a reduction in staff numbers, to be managed predominantly through natural wastage and police staff voluntary redundancies. The Group has included an estimate of the costs of severance in its medium term financial forecast, to enable it to meet the liabilities as they fall due. At this time it is not possible to predict a value or timing of any obligation falling due.

#### **Municipal Mutual Insurance (MMI)**

The Group has taken professional advice on the amount to provide for the clawback from MMI, but there is potential for the eventual liability to exceed the amount provided for in the accounts. Note 17 provides further information.



### **Note 33 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS for PCC and GROUP**

The PCC and Group's activities expose it to a variety of financial risks.

- **Credit risk** the possibility that other parties might fail to pay amounts due to the PCC and Group;
- **Liquidity risk** the possibility that the PCC and Group might not have funds available to meet its commitments to make payments;
- **Re-financing risk** the possibility that the PCC and Group might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- **Market Risk** the possibility that financial loss might arise for the PCC and Group as a result of changes in such measures as interest rate movements.

#### **Overall procedures for managing risk**

The PCC and Group's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and associated regulations. These require the PCC and Group to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Investment Guidance issued through the Act. Overall, these procedures require the PCC and Group to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;
- by approving annually, prudential and treasury indicators limiting:
  - The PCC and Group's overall borrowing;
  - Its maximum and minimum exposures to fixed and variable rates;
  - Its maximum and minimum exposures to the maturity structure of its debt;
  - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy, setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved annually. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the PCC and Group's financial instrument exposure. Actual performance is also reported to the PCC and the Joint Independent Audit Committee Members.

The implementation of these policies is delegated to the PCC's Treasurer, supported by a central Treasury Team employed by Wakefield Metropolitan District Council. The PCC and Group maintains written principles for overall risk management, as well as written policies (Treasury Management Practices – TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed annually.

#### **Credit risk**

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria set by the PCC. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. The key areas of Investment Strategy are that the minimum criteria for investment are based on the creditworthiness service provided by the sector.

The PCC and Group's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments.



### Customers

The PCC and Group allows 30 days payment terms for its customers, of which £6.398m of the £15,752m balance is past its due date. The total balance of the customers amount can be analysed by age as follows:

	Actual 31 March 2020 £000	Actual 31 March 2019 £000
Less than 3 months	15,056	15,195
Three to six months	195	35
Six months to one year	223	120
More than one year	278	2,058
<b>Total</b>	<b>15,752</b>	<b>17,408</b>

The experience of default is illustrated by the debts written off during 2019/20 totalling £0.005m (2018/19 £0.011m).

### Liquidity Risk

The PCC and Group manages its liquidity position through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The PCC and Group has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The PCC and Group is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets, excluding sums due from customers, is as follows:

	Actual 31 March 2020 £000	Actual 31 March 2019 £000
Less than one year	64,335	57,614
Between one and two years	0	0
<b>Total</b>	<b>64,335</b>	<b>57,614</b>

### Refinancing and Maturity risk

The PCC and Group maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the PCC and Group relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period:

	Actual 31 March 2020 £000	Actual 31 March 2020	Actual 31 March 2019 £000	Actual 31 March 2019
Less than one year	23,606	24%	16,461	16%
Between one and two years	589	1%	10,536	10%
Between two and five years	2,132	2%	1,581	2%
Between five and ten years	2,817	3%	3,957	4%
More than ten years	69,458	70%	69,458	68%
<b>Total</b>	<b>98,602</b>	<b>100%</b>	<b>101,993</b>	<b>100%</b>



### Market Risk

**Interest rate risk** - The PCC and Group is exposed to interest rate movements on its borrowings and investments.

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the Police Fund Balance.

Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

### **Note 34 – YORKSHIRE AND THE HUMBER LEAD FORCE COLLABORATION**

The Group engages in collaborative working in partnership with the Yorkshire and Humber Commissioners / Forces to deliver a number of specific services on a regional basis. The Regional Collaborative programme was developed to bring opportunities across many policing activities whilst retaining local identity and accountability. The governance of this regional programme of activity is via the Regional Collaboration Board.

Regional collaboration is funded from contributions made by the four regional Police Group's with the level of contribution being dependent upon the assessment of the benefit to be derived from each specific project or initiative.

Where benefit is considered to be equal, contributions are equal with a 25% contribution from each Region. Where benefit is proportionate to size contributions are made in line with each Region's Net Revenue Expenditure (NRE). When all four regional Commissioners and Forces are contributing the NRE percentages are as follows:

West Yorkshire	42.38%
South Yorkshire	25.01%
North Yorkshire	14.75%
Humberside	17.86%

If less than four Commissioners / Forces are contributing the NRE percentages are adjusted on a pro-rata basis.

In accordance with proper accounting practice, the Group has accounted for the regional collaboration arrangement by accounting for all the income and expenditure for the activity and has responsibility for all assets used and liabilities generated.

Those receiving a service have secured neither joint control of the overall activity nor rights to particular assets or obligations for particular liabilities – i.e. the other parties are only interested in the lead authority delivering the outcomes it has agreed to provide.

The lead force arrangement has been reviewed against IFRS 11 on Joint Arrangements and it has been determined that they fall outside the scope of a joint operation.

2018/19 £000		2019/20 £000
	<b>EXPENDITURE</b>	
27,424	Staff Costs	28,191
786	Property Related Expenses	1,279
10,794	Supplies and Services	14,045
1,074	Transport Related Expenses	1,251
40,078		44,766
	<b>INCOME</b>	
5,311	Other Income	5,553
34,767	Contributions	39,213
40,078		44,766
0	<b>(DEFICIT)/SURPLUS IN YEAR</b>	0



### **Note 35 – NPAS**

The primary objective of the NPAS project is to deliver a national service that provides the police service with capability from the air that maximises the benefits of air support to the delivery of frontline services. It is an integrated part of the wider policing strategy and harnesses innovation in the aviation sector for the benefits of policing.

The governance of NPAS is via the NPAS Strategic Board.

The NPAS service is funded from contributions made by each Policing Body receiving a service.

In accordance with proper accounting practice, the Group has accounted for the NPAS arrangement by accounting for all the income and expenditure for the activity and has responsibility for all assets used and liabilities generated.

Those receiving a service have secured neither joint control of the overall activity nor rights to particular assets or obligations for particular liabilities – i.e. the other parties are only interested in the lead authority delivering the outcomes it has agreed to provide.

The lead force arrangement has been reviewed against IFRS 11 on Joint Arrangements and it has been determined that they fall outside the scope of a joint operation.

2018/19 £000		2019/20 £000
	<b>EXPENDITURE</b>	
19,953	Staff Costs	21,478
2,034	Property Related Expenses	2,611
2,298	Supplies and Services	712
16,465	Transport Related Expenses	17,064
0	Transfer to Reserves	0
40,750		41,865
	<b>INCOME</b>	
(39,339)	Contributions	(41,453)
(1,411)	Other Income	(412)
(40,750)		(41,865)
0	<b>(DEFICIT)/SURPLUS IN YEAR</b>	0



**WEST YORKSHIRE POLICE**

**PENSION FUND**

**STATEMENT**

**OF**

**ACCOUNTS 2019/20**



## POLICE OFFICER PENSION FUND PENSION FUND ACCOUNT STATEMENTS

2018/19 £'000		2019/20 £'000
	<b>CONTRIBUTIONS RECEIVABLE</b>	
(42,048)	Employer's Contributions	(54,970)
(2,324)	Early Retirements (Ill Health)	(1,367)
(23,276)	Officers' Contributions	(23,561)
	<b>TRANSFERS IN</b>	
(1,181)	Individual Transfers In from Other Schemes	(1,453)
<b>(68,829)</b>	<b>TOTAL INCOME RECEIVABLE</b>	<b>(81,351)</b>
	<b>BENEFITS PAYABLE</b>	
124,131	Pensions	129,786
34,396	Commutations and Lump Sum Retirement Benefits	29,858
236	Lump Sum Death Benefits	118
	<b>PAYMENTS TO AND ON ACCOUNT OF LEAVERS</b>	
234	Refunds of Contributions	262
100	Individual Transfers Out to Other Schemes	672
<b>159,097</b>	<b>TOTAL EXPENDITURE PAYABLE</b>	<b>160,697</b>
90,268	NET AMOUNT PAYABLE FOR THE YEAR	79,346
(90,268)	ADDITIONAL CONTRIBUTION FROM EMPLOYER	(79,346)
0		0

## NOTES TO THE POLICE OFFICER PENSION FUND

2018/19 £'000		2019/20 £'000
	<b>NET ASSETS STATEMENT</b>	
(2,223)	Unpaid Pension Benefits	(1,031)
2,223	Amount Owing from the Police Fund	1,031

### **The Police Pension Scheme in England and Wales**

The Pension Fund Accounts have been prepared in accordance with the IFRS Code and on an accruals basis. This means the sums due to or from the Pension Fund are included as they fall due, whether or not the cash has been received or paid. The accounting convention adopted is historic cost.

Each individual Police Force is required, under the Police Pension Fund Regulations 2007, to operate a Pension Fund Account and the amounts that must be paid into and out of the Pension Fund Account are specified by the regulations.

The Fund is administered by the Group which pays an employer's contribution to the Fund. The pensions of all retired officers are paid directly from the Fund.

The pension scheme is unfunded and consequently the Fund has no investment assets. Benefits payable are funded by the contributions from the Group and employees and any difference between benefits payable and contributions receivable is met by top-up grant from the Home Office.

Employees' and employer's contributions to the Fund are based on percentages of pensionable pay set nationally by the Home Office, subject to triennial valuation by the Government Actuary's Department. The accounting policies applicable to the Fund are set out in the Statement of Accounting Policies.

The Net Asset Statement does not include liabilities to pay pensions and other benefits after the balance sheet date, see disclosure Note 31 of the Core Statements about the IAS19 liability.



## **ANNUAL GOVERNANCE STATEMENT FOR THE POLICE AND CRIME COMMISSIONER OF WEST YORKSHIRE AND THE GROUP**

This Annual Governance Statement reflects both the governance framework put in place for the Police and Crime Commissioner (PCC) and Group for the year ended 31 March 2020, including plans for the financial year 2020/21.

### **1. SCOPE OF RESPONSIBILITIES**

The PCC for West Yorkshire is responsible for ensuring that business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The PCC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the PCC is also responsible for putting in place proper arrangements for the governance of the Group's affairs and facilitating the exercise of its functions. This includes ensuring that a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk. In exercising this responsibility, the PCC places reliance on the Chief Constable to support the governance and risk management processes.

This statement explains how the PCC has complied with the principles of the code of corporate governance and meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement.

In light of the dynamic changes within policing and community safety governance the PCC continues to review the code of corporate governance to ensure it reflects and supports the wider arrangements. The code is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government. A copy will be made available on the website at [www.westyorkshire-pcc.gov.uk](http://www.westyorkshire-pcc.gov.uk) or one can be obtained from the Interim Chief Executive, Ploughland House, 62 George Street, Wakefield, WF1 1DL.

In drafting this Annual Governance Statement, reliance has been placed on the governance processes within West Yorkshire Police (WYP), as reflected in the WYP Annual Governance Statement, which is published alongside the accounts of the Chief Constable.

### **2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

The governance framework comprises the systems and processes, culture and values by which the PCC Group is directed and controlled and the activities through which it accounts to and engages with the community. The framework enables the PCC to monitor the achievement of Group strategic objectives and to consider whether these objectives have led to the delivery of appropriate, cost effective services, including achieving value for money. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and acceptable 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 PCC's policies, aims and objectives, to evaluate the likelihood of those risks materialising and the impact should they materialise, and to manage them effectively, efficiently and economically.

### **3. THE GOVERNANCE FRAMEWORK**

The key elements that comprise the governance arrangements that have been put in place for the PCC and WYP include:

#### **Identifying and communicating the Police and Crime Commissioner's vision of his purpose and intended outcomes for citizens and service users as set out in his refreshed Police and Crime Plan.**

The PCC made his commitments for policing clear in his election pledges and has set out further commitments in his Police and Crime Plan 2016-2021 (refreshed 2018) which sets out a strategic vision for policing, community safety and joint working with the wider criminal justice system across West Yorkshire over a five year period. In doing so, he has had regard to the Strategic Policing Requirement and the West Yorkshire Police

Strategic Assessment and the Plan was developed in close consultation with the public of West Yorkshire as well as a wide range of key stakeholders and partners.

The PCC has formed a Partnership Executive Group (PEG)<sup>1</sup> with a membership at strategic level from policing, community safety, the wider criminal justice system, victims and third sector organisations. The PEG plays a key role in developing this strategic vision and the Police and Crime Panel (PCP) were also consulted on the Plan.

The Police and Crime Plan reflects a shared vision with partners, and has the overall aim of ensuring that communities in West Yorkshire are safe and feel safe. Local priorities have been set in consultation with individuals, organisations and community safety partnerships that sit within the Plan.

The Plan has been communicated widely via media (including social media such as Facebook, Twitter, YouTube), existing contacts and events and groups attended by the PCC or PCC representatives.

A refresh of the Police and Crime Plan 2016-21 was published in late 2018 and a further refresh is underway.

### **Reviewing the PCC's vision and strategy and its implications for governance arrangements**

The Partnership Executive Group (PEG) is consulted around the delivery of the Police and Crime Plan and the group provides the steer for this. Reviewing and renewing the vision and strategy as set out in the Police and Crime Plan will be ongoing as the PCC continues to consult with the Partnership Executive Group and also with a wide range of partners delivering on the ground, community groups and projects, public engagement and consultation events conducted by the PCC and also the Office of the PCC (OPCC), ensuring the vision and strategy reflects the needs of our communities.

The partnership structure is now well established with regular meetings held, terms of reference agreed and decision making taking place to support the delivery of the Police and Crime Plan.

The PEG receives quarterly updates from the West Yorkshire Community Safety Forum, Third Sector Advisory Group and the Criminal Justice and Mental Health Forum and has strong links to the Local Criminal Justice Board and its Sub Boards.

### **Monitoring performance against operational, financial and other strategic plans**

The PCC has established a performance management framework, which includes monthly and quarterly reporting on indicators, commitments and wider relevant information. West Yorkshire Police now present a performance report to a quarterly performance meeting, allowing the PCC to challenge performance and ask key questions based not only on the force report but on issues identified through the wider scanning by his office. The monthly Force Accountability Meetings chaired by the Chief Constable where performance issues are discussed with leaders across the force are attended by the PCC and representatives from the OPCC.

The PCC also holds the Chief Constable to account at Community Outcomes Meetings (COM). These are held formally quarterly and are reported publicly via the OPCC website.

The PCC also monitors policing performance through his Joint Executive Group, which meets on a six weekly basis and includes senior leaders from his office and West Yorkshire Police.

### **National and Regional Performance**

The PCC actively engages in collaborative working in partnership with policing bodies within the North East Region to deliver a number of specific critical services on a regional basis most of which are delivered with regard to the Strategic Policing Requirement. The activities are undertaken under the joint control of the regional PCCs. Regional collaboration is funded from contributions made by the PCCs.

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<sup>1</sup>The PEG is made up of representatives from the following: Local Authority Leader representatives; Community Safety Partnerships; Crown Prosecution Service; Local Authorities; Local Criminal Justice Board; NHS England; Police and Crime Commissioner; Police and Crime Panel; Prison Service; Public Health; Victim Support; Third Sector organisations in West Yorkshire; West Yorkshire Fire & Rescue Authority; West Yorkshire Police; West Yorkshire Probation and Youth Offending Teams.

The PCC is the current Chair of the North East Collaboration Board (NECB), the members of which jointly set strategic direction, scrutinise regional performance and delivery and monitor benefits realisation. The NECB is also responsible for monitoring the performance of the regional response to serious and organised crime.

The PCC is represented on the West Yorkshire Local Resilience Forum, which is jointly chaired, by the local authority chief executives and the police. It has statutory responsibility for tracking, assessing and addressing strategic risks to, and resilience of, the communities of West Yorkshire and is responsible for civil contingencies arrangements. The PCC also maintains close contact with the Counter Terrorism Policing North East Unit (CTPNE) and is a member of the Joint Counter-Terrorism Oversight Group along with the Police and Crime Commissioners of the other areas hosting a counter terrorism policing unit.

The PCC is the lead local policing body for the National Police Air Service (NPAS). The primary objective of the NPAS project is to deliver a national service that provides the police service with capability from the air that maximises the benefits of air support to the delivery of frontline services, is achieved at lower cost than the former service which was managed at a local level, is an integrated part of the wider policing strategy and harnesses innovation in the aviation sector for the benefits of policing. The Chief Constable of West Yorkshire Police is the lead local chief constable for NPAS, is the holder of the Police Aviation Operator's Certificate issued by the Civil Aviation Authority and has operational responsibility for delivery of the service across England and Wales.

The PCC has established a Local Strategic Board, which meets quarterly. Performance of NPAS is scrutinised at these meetings along with progress to date, the development of the service and the consideration of other relevant information such as expenditure, financial planning, governance and risk. The PCC chairs the National Strategic Board, which also meets quarterly and provides governance, oversight and strategic direction on behalf of all policing bodies using the service.

### **Measuring the quality of services for users, to ensure that they are delivered in accordance with the Police and Crime Commissioner's objectives and represent best use of resources**

The PCC manages a comprehensive survey programme that produces reliable and independent information at a neighbourhood level to assess public perception of policing and to understand local priorities and concerns.

The Your Views Survey collects feedback directly from West Yorkshire residents on community safety priorities in their neighbourhoods, and on their experience of the work of the police and our community safety partners. Since its launch in April 2017, over 42,000 responses have been received from residents. The results are shared with the police and local authority partners, and reported back to the Police and Crime Panel through our Delivery Quarterly report. The survey's results are also made available to the public on the OPCC website. Additionally, the PCC draws on findings from the West Yorkshire Police victim survey to develop understanding and engage with the West Yorkshire Police on what works for victims.

As part of the work to set the Council Tax Precept level for the county, the PCC has regularly consulted with the wider public through postal and online surveys. Over 2,000 people responded to the recent consultation for the 2020/21 Council Tax budget, with 79% supporting the PCC's proposal.

The PCC also undertakes consultation around feelings of safety and local safety concerns through a wide range of events across West Yorkshire. Over the last year, the PCC has visited over 50 community groups and neighbourhood policing areas and met with over 100 partner organisations to better understand local policing and community safety needs to inform the work of his office and partners in making sure our communities are safer and feel safer.

Staff in the OPCC, with the PCC, also engage regularly in the communities of West Yorkshire and have attended major events such as Bradford, Leeds and Wakefield Prides, Pudsey Carnival, Beeston Festival, Harold Park Gala, the Emergency Services Open Day and Great Horton Community Festival.

The OPCC is very active on social media, communicating via Twitter and Facebook and through an electronic newsletter to keep communities informed of the decisions that may affect them. People are encouraged to put forward their views via the website, Facebook and on Twitter.

A casework team handles the majority of daily contact with the OPCC, which amounts to around 100 new cases a month. Specialist software assists with effective case management and reporting in order to identify common issues that members of the public are raising with the office.

The PCC holds two monthly surgeries in various locations across West Yorkshire offering appointments for constituents to have face-to-face discussion with the Police and Crime Commissioner as well as additional appointments at the office. This facility offers an additional avenue for people to raise issues with the PCC directly.

### **Risk Management Processes**

The OPCC maintains its own risk register which focuses on key risks associated with delivery of the Police and Crime Plan, and the working of the Office. The PCC also maintains strategic oversight of risk management arrangements in force through attendance at the Risk Management Group chaired by the Deputy Chief Constable and via reports to the Joint Independent Audit and Ethics Committee. Strategic risk is also considered at the PCC's Good Governance Group which is attended by senior risk owners and the chair of the Joint Independent Audit and Ethics Committee.

Wherever possible the PCC and WYP risk management strategy and processes have been aligned. Although the risk registers remain separate, a consistent approach to the scoring and prioritising of risks has been agreed. In order to further embed risk management processes within the OPCC the strategic risk register for the PCC is now reported quarterly to the OPCC Executive Leadership Team.

The Head of Internal Audit attends and provides input to the force Risk Management Group, in addition to liaising regularly the Risk and Insurance Manager. This ensures audit plans are cognisant of current and emerging risks.

### **Defining and documenting the roles and responsibilities of the Police and Crime Commissioner and WYP and its senior officers, setting out clear delegation arrangements and protocols for effective communication, and arrangements for challenging and scrutinising WYP activity**

The PCC's Scheme of Delegation, Financial Regulations and Contract Regulations have been developed in accordance with the Home Office Financial Management Code of Practice to enable effective accountability and govern the relationship between the PCC and WYP. There is a decision making framework that ensures that all decisions by the PCC are published and available for public scrutiny. The Chief Constable also has a Scheme of Delegation for police officers and staff that is consistent with the framework set by the PCC.

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

There is an officer code of conduct, which was reviewed as part of the preparations for transition to the OPCC, since that time all staff have been trained on ethics. The legislation requires the PCC to have two statutory officers – a chief executive and a chief finance officer. The Monitoring Officer for the PCC is the Interim Chief Executive who also chairs the Good Governance Group while the Treasurer (Chief Finance Officer) regularly meets with the Estates and Digital Policing Departments in order to maintain an oversight of assets. The PCC and CC have adopted a joint business interests and voluntary working policy. The PCC's Scheme of Delegation follows the governance principles used by non-departmental public bodies in requiring any individual exercising delegated authority to seek prior authority before taking decisions that he might regard as novel, contentious or repercussive. The PCC or his senior staff review these decisions and the permission processes

### **Reviewing and updating standing orders and supporting documentation, which clearly define how decisions are taken and processes and controls required to manage risk.**

The PCC's Scheme of Delegation and Financial regulations, incorporating Contract Standing Orders are periodically reviewed. Whilst there have been revision to decision templates there have been no substantial changes to the Scheme of Delegation.

## **Undertaking the core functions of an Audit Committee**

The Joint Independent Audit and Ethics Committee undertakes the core functions of an Audit Committee, and in line with CIPFA guidance considers issues in relation to internal control, risk management and treasury management. The Committee receives regular reports from both internal and external audit.

It provides independent assurance to both the PCC and the Chief Constable on the adequacy of the corporate governance and risk management arrangements and the associated control environment.

During 2019/20, the remit of the Committee continued to include consideration of ethical matters. The Committee has therefore become the Joint Independent Audit and Ethics Committee. The ethics element of the Committee is currently under review and it is envisaged this will be reported in April.

During 2019/20, the JIAEC has been made up of three members rather than the full quota of four. A new member will be recruited following the completion of the Ethics Committee review. Members have access to training during the year with Treasury Management training and Risk Management training being two notable courses completed this year.

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

The PCC has a duty to ensure that the Group acts in accordance with the law and associated regulations. The Monitoring Officer and Chief Finance Officer have statutory responsibilities in this regard, and Internal Audit provides an assurance function and an annual independent objective opinion on the control environment, comprising risk management, internal control and governance.

All decision notices taken to the PCC include an analysis of any legal implications. Decisions made by the PCC are published on the website.

## **Whistleblowing and receiving and investigating complaints from the public and handling citizen and other redress**

A confidential reporting policy is in place to enable officers and staff to report any concerns about malpractice or unlawful actions without fear of retribution.

The PCC has made a commitment to putting things right and has a range of policies in order to deal with public complaints. Further resources are being devoted to case work and complaint handling with the creation of specific email addresses and briefing and decision templates to record the action taken by the PCC. Public surgeries are arranged on a two monthly basis where individuals can make an appointment to raise issues with the PCC.

Complaint handling in WYP is monitored in regular meetings between the Interim Chief Executive and the Head of Professional Standards Department. The PCC and Interim Chief Executive have regular meetings with the Regional Director of the Independent Office for Police Conduct (IOPC). Specific case work or complaint matters are considered in the Joint Executive Group meetings between the PCC and the Chief Constable as are trends and statistical data down to district level. The PCC is represented on the Independent Advisory Group for the Professional Standards Department.

Complaints handling and the confidential reporting process were both reviewed by Internal Audit within the last three years.

As noted, matters which are contentious, repercussive or novel are required to be notified to the Police and Crime Commissioner as part of his Scheme of Consent and any material matters are raised in quarterly meetings of the PCC's Good Governance Group chaired by the Interim Chief Executive.

### **Determining the conditions of employment and remuneration of officers and staff**

There are national terms and conditions for police officers, and an approved job evaluation scheme is in place for police staff based upon role profiles for each post. Regular strategic and local consultation is undertaken with staff associations and trade unions.

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

There is a performance development review process in place which sets objectives, supports, tracks development and identifies training needs.

A programme of activity took place in advance of the transition to the revised governance arrangements in 2012, based on the functions required by the OPCC in supporting the PCC to fulfil his role and responsibilities and supported by identification of personal qualities required of officers at different levels. A review of OPCC roles and operating model has been completed to ensure a structure that reflects current requirements, involving all staff and unions.

Members of the Joint Independent Audit and Ethics Committee undertake development on a regular basis appropriate to their role, with an annual assessment of the effectiveness of the Committee. The Joint Independent Audit and Ethics Committee Chair is invited to attend the Police and Crime Panel to raise any issues on an annual basis.

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

The PCC manages a comprehensive survey programme that produces reliable and independent information at a neighbourhood level to assess public satisfaction with and confidence in policing and to understand local priorities and concerns.

The PCC has extended his web and social media based consultation and has a well-established Youth Advisory Group in line with his election pledges and the Police and Crime Plan. The PCC continues to be public facing and engage with all sections of the community, partners and stakeholders to make sure that he is accountable day to day to the people he serves and continues to consult regularly and meaningfully with the people of West Yorkshire.

### **Incorporating good governance arrangements in respect of partnerships and other group working, and reflecting these in the Police and Crime Commissioner's overall governance arrangements**

A key strength of the PCC's planning is the engagement of a wide range of partners, stakeholders and members of the public in setting his strategic direction. During the year, the PCC has held a number of partnership events to assist both statutory and voluntary sector organisations in further adapting to the new ways of working.

The PCC continues the good practice by involving a wide range of partners and members of the public in the review of his Police and Crime Plan. Following re-election of the PCC in May 2016 extensive consultation was undertaken to inform the Police and Crime Plan 2016-2021. The Plan has recently had a refresh to account for emerging issues.

The Police and Crime Panel both supports the work of the PCC and provides scrutiny on the delivery of the Police and Crime Plan on behalf of the people of West Yorkshire.

The Panel has a number of key statutory functions:

- to review and provide a report on the Annual Report and the Police and Crime Plan;
- to hold confirmation hearings for the posts of Deputy Police and Crime Commissioner, Chief Executive and Chief Finance Officer (Treasurer)
- to agree the appointment of Chief Constable (with the power to veto)



- to agree the precept (with the power to veto)

During 2019/20, the PCC attended each of the Police and Crime Panel meetings and also met with the Chair on eight occasions.

### **Role of the Chief Financial Officer (CFO) in Local Government**

CIPFA has published a “Statement of the Role of the Chief Financial Officer in Local Government” which describes the role and responsibilities of the CFO and sets out five key principles that define the core activities and behaviours that underpin the role, and the organisational arrangements required to support them. There is an expectation that authorities will comply with the statement or explain their reasons for not doing so.

The five key principles are that the CFO:

- Is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority’s strategic objectives sustainably and in the public interest
- Must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and aligned with the authority’s overall financial strategy
- Must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively
- Must lead and direct a finance function that is resourced to be fit for purpose
- Must be professionally qualified and suitably experienced.

The Treasurer undertakes the role of CFO in accordance with the arrangements detailed in the Home Office Financial Management Code of Practice, and in compliance with the CIPFA statement.

CIPFA has produced a new Financial Management code that will be applicable for 2020/21 and compliance against it will be reported in the AGS 2020/21.

### **Review of Effectiveness**

The PCC has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including the system of internal audit and the system of internal control. These reviews are informed by the work of internal audit and also managers within the OPCC who have the responsibility for the development and maintenance of the governance environment. In addition comments made by the external auditors and other review agencies and inspectorates have informed this review.

During 2019/20, the assurance framework put together by the Head of Internal Audit and reported to the PCC and the Joint Independent Audit and Ethics Committee was further utilised to develop an audit planning process based on an ‘Audit Risk Universe’. This helps to ensure that audit coverage provides sufficient assurance in relation to internal control, governance and risk management processes.

The roles and processes applied in maintaining and reviewing the effectiveness of the governance framework are outlined below:

The PCC has overall responsibility for the discharge of all the powers and duties placed upon him and has a statutory duty ‘to maintain an efficient and effective police force’. The Joint Independent Audit and Ethics Committee considers the adequacy of the governance framework, referring matters to the PCC and/or Chief Constable as appropriate.

The Chief Constable has responsibility for conducting a review of the effectiveness of the governance framework within WYP at least annually. This review is informed by the work of the Assistant Chief Officer (Business Operations), the Head of Risk Management and Insurance and managers within the WYP who have responsibility for the development and maintenance of the governance environment. In preparing the Annual Governance Statement for 2019/20, the PCC has placed reliance on this review and the Annual Governance Statement of the WYP.

Complaints against the PCC are the responsibility of the Police and Crime Panel for West Yorkshire or, in the case of serious allegations (i.e. of a criminal nature) are under the jurisdiction of the IOPC. Monitoring officer

responsibilities are undertaken by the Interim Chief Executive in accordance with the Police Reform and Social Responsibility Act 2011.

Internal Audit provided an independent opinion on the adequacy and effectiveness of the system of internal control and concluded that reasonable assurance can be given regarding the overall internal control environment in the last opinion provided.

Internal Audit has been provided with assurances that weaknesses in the system and/or its operation are being addressed.

The Head of Internal Audit attends and provides input to the force Risk Management Group, in addition to liaising regularly the Risk and Insurance Manager. This ensures audit plans are cognisant of current and emerging risks.

In the Annual Audit Letter for 2018/19, the external auditor reported that he had issued an unqualified opinion on the Statement of Accounts and an unqualified conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in use of resources. He also reported that he had not identified any significant weaknesses in the Authority's internal control arrangements.

### **Significant Governance Issues**

Significant governance issues are defined as

- An issue which has prevented or seriously prejudiced achievement of a principal objective
- An issue where additional funding has had to be sought in order to resolve it
- An issue which has resulted in a material impact on the accounts
- An issue which the Head of Audit and Risk has specifically highlighted in the annual audit opinion
- An issue which has attracted significant public interest and has damaged the reputation of the PCC and/or WYP
- An issue which has resulted in formal action being taken by the Chief Finance Officer and/or the Monitoring Officer.

There are no significant governance issues that meet the above criteria, however it is reasonable to raise once again the extent of organisational change required to achieve the forecast real terms budget reductions, together with the Government's policy for further reform of policing. Both these contributory factors mean that the PCC and WYP will continue to face an environment of risk.

This will be closely monitored by the PCC and the Chief Constable, who will continuously review the adequacy and effectiveness of the evolving governance arrangements and ensure that any improvements identified are implemented.

### **Covid-19**

Since the AGS was produced in March 2020 the Covid-19 pandemic has had a significant impact on both governance arrangements and the risks that the PCC and Group face and therefore this addendum has been produced in order to provide further information. The concerns regarding the impact on future finances are covered within the introduction in the financial statements.

### **Changes to Governance Arrangements**

On 3rd March 2020, the Government published its Coronavirus action plan and this was followed by guidance from Public Health England for first responders, including the police. In response on Thursday 12th March 2020, West Yorkshire Police (WYP) established a Gold group looking at how the virus would impact on West Yorkshire Police both operationally and for the staff and constant updates are provided from this meeting.

On Monday 16th March, the government increased the isolation advice and on 23rd March, the current lockdown period started. The guidance for first responders from PHE was last updated on 24th March.

In addition to national guidance and reports from the government and PHE, the PCC receives regular guidance and advice from the Association of Police and Crime Commissioners (APCC) and information from the National Police Chiefs Council (NPCC) as part of their named Operation Talla in response to Coronavirus.

Interim arrangements to replace standard governance structures during the Coronavirus pandemic have been agreed between the PCC and the Chief Constable. The arrangements maintain the fundamental meeting structures and replace detailed Community Outcomes Meetings with a weekly in depth Bilateral with a significant focus on Covid-19.

To facilitate the weekly bilateral discussion an update is provided by WYP that details the highlights from the previous week based on the daily updates and includes the following items:

- National Picture
- Significant legislation changes
- Coronavirus Activity
- Coronavirus Enforcement
- Critical Functions
- Further measures taken by WYP
- Public order/Public safety
- Resourcing
- Absences

The PCC has representation at the Local Resilience Forum (LRF) Strategic Coordination Group which sits daily across West Yorkshire to ensure a coordinated response from local public services to the Covid-19 situation. This ensures the PCC can escalate any West Yorkshire specific matters to the Policing Minister and Secretary of State for Justice, APCC and Local Criminal Justice Board (LCJB) as appropriate.

## **Governance of Commissioned Services**

All PCC commissioned services have been contacted in order to understand any service disruption that may occur and to ensure services receive any support that may be required. We have received plans and/or assurances that are updated weekly by our contracted providers and those delivering high risk provisions.

During early April, a virtual meeting with Domestic and Sexual Abuse (DSA) board members and service providers was arranged to provide an opportunity for the PCC commissioned services, the DSA Board members and WYP to discuss the increased threat of domestic and sexual abuse and to look at how we could work collectively during these challenging times. Areas of discussion included changes to service provision, demand, emerging need and planning.

Continuing throughout the period are the following:

- Weekly check in calls with Restorative Justice and Victims Support contract providers
- Daily reports of Sexual Assault Referral Centre (SARC) provision for West Yorkshire and Weekly check in meeting with Yorkshire and The Humber (YaTH) SARC contract manager and commissioners
- Weekly check in calls with the new SARC relocation project group
- Monthly COVID-19: Alcohol & Drugs Peer Skype Calls with Public Health England

## **Operational Response**

As a response to Covid-19, West Yorkshire Police raised a new Operation, Op Jinmen

### **Gold Strategy Operation Jinmen**

- Minimise the risk to the public by assisting Public Health to delay the spread of the virus and support measures set out by Government.
- Maximise where practicable the safety of our staff by providing advice and appropriate PPE where necessary.



- Ensure business continuity plans are in place to enable the police to continue to deliver a service to the public.
- To reassure the public by supporting Public Health guidance and Public Health messages.
- To ensure that community tension and intelligence/information is being effectively managed through strategic co-ordinating groups and existing structures.
- To support local resilience partner agencies and local communities to mitigate the impacts of the virus.
- Maintain staff and public confidence in the approach of West Yorkshire Police in protecting our staff and community and adopting a calm and moderated posture.

To support this strategy, there is a full webpage on the internal WYP intranet to keep all officers/staff updated as well as the public facing pages on the WYP webpage that is available here: <https://www.westyorkshire.police.uk/coronavirus>

As well as the normal performance regime, there is a new daily activity reporting mechanism, which records call volume and crimes / incidents linked to COVID-19.

Alongside the daily activity tracker, all offences that are based on the new legislation are monitored.

## **Public Engagement**

Given these exceptional circumstances, an Engagement and Communications plan has been produced by the PCC. This plan sets out how we continue to communicate and engage with our communities and to reassure and stay in touch with people during this global pandemic. It recognises that the PCC would usually be out in communities, meeting with people, engaging with community projects, undertaking NPT visits, holding surgeries, attending casework meetings and taking part in national and local conferences with partners in addition to his other diverse activities and responsibilities. Clearly, with social distancing and the current Government guidance in place we need to find new ways of working whilst continuing to provide the service our communities need and deserve.

Communities continue to have views and opinions on all aspects of crime and community safety and based on their contact so far we also know they are concerned about the how the current COVID -19 outbreak is impacting on policing our communities.

We recognise we can't talk to people face to face so we need to find new ways to stay in touch and ensure individuals across West Yorkshire can contact the PCC when they need to, we are also aware of the increased need to support those who more vulnerable during the lockdown. We also recognise that our communities and partners will need reassurance and to be kept up to date with the evolving situation. Public reassurance and signposting is also key as is joint messaging with partners through, for example, the Local Resilience Forum.

## **Devolution**

As part of the agreement of a "minded to" devolution deal in West Yorkshire, it was proposed by the West Yorkshire Combined Authority that policing governance in West Yorkshire transfers to a mayoral model in 2024.

The May 2020 PCC elections, as with Local Government Elections, were postponed to May 2021. As May 2021 coincides with the likely date for the election of a Mayor for West Yorkshire in line with current proposals, West Yorkshire Combined Authority have therefore requested that the transition takes place in May 2021.

The Minister for Policing and Fire has requested that the PCC reviews whether the timeframe is viable before a decision is taken in August. Work is ongoing within the Office of the Police and Crime Commissioner and West Yorkshire Police to ascertain whether or not it is possible to transfer in an effective and efficient manner prior to May 2021.



## **National Police Air Service (NPAS)**

West Yorkshire PCC is the Lead Local Policing Body for the NPAS and West Yorkshire police is the lead force that delivers the service. NPAS overarching governance is currently provided by a National Strategic Board made up of PCCs and Chief Constables representing the six NPAS regions and the Lead PCC and Lead Chief Constable. The legal entity for NPAS in terms of asset ownership, insurance and oversight is West Yorkshire PCC. The Chief Constable of West Yorkshire is the Air Certificate Holder for Civil Aviation Authority regulatory requirements and is the employer of the majority of NPAS staff.

Within the 2018/19 Annual Governance Statement we raised the increasing demand pressures facing both West Yorkshire Police and the PCC relating to being the Lead Force and Lead Local Policing Body for the National Police Air Service and advised that the Police and Crime Commissioner has requested that a wider governance and delivery model review was undertaken nationally and advised that review had commenced.

The Association of Police and Crime Commissioners (APCC) and the National Police Chiefs' Council (NPCC) alongside the Home Office commenced work that looked at delivery models for national services, with a specific focus on incorporating the National Police Air Service. In early 2020, indications were given by the Home Office that this work may be complete for 2021/22. Since the Covid-19 pandemic we have been advised that there will be a significant delay in a new delivery model. The PCC has written to the Home Office seeking clarification.

Signed

*M Burns-Williamson*

*K Johnson*

**Mark Burns Williamson**  
**PCC for West Yorkshire**  
30 November 2020

**Katherine Johnson**  
**Treasurer**  
30 November 2020



## **GLOSSARY OF TERMS**

### **Accounting Policies**

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- Recognising
- Selecting measurement bases for and
- Presenting

Assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the revenue account or Balance Sheet it is to be presented.

### **Actuarial Gains and Losses**

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- (a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses), or
- (b) the actuarial assumptions have changed.

### **Appropriations**

Amounts transferred to or from revenue or capital reserves.

### **Budget**

A statement of the PCC's plans in financial terms. A budget is prepared and approved by the PCC prior to the start of each financial year.

### **Capital Expenditure**

Expenditure on the acquisition of a non-current asset or expenditure which adds to and not merely maintains the value of an existing non-current asset.

### **Capital Receipts**

Proceeds from the sale of an asset, which may be used to finance new capital expenditure or to repay outstanding loan debts as laid down within rules set by Central Government.

### **Chief Constable (CC)**

The Chief Constable is a separate corporation sole, which was established on 22 November 2012 under the Police Reform and Social Responsibility Act 2011.

### **CIPFA**

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

### **Commuted Lump Sums**

These are the amounts paid to officers when they retire, if they choose to have a lower pension.

### **Contingent Liabilities**

A contingent liability is either:

- (a) a possible obligation arising from the past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the PCC's control, or
- (b) a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

### **Corporate and Democratic Core**

The represent the cost of delivering public accountability and representation in policy making and meeting our legal responsibilities.

**Creditors**

Amounts owed by the PCC Group for work done, goods received or services rendered which have not been paid for by the end of the financial year.

**Current Service Cost (Pensions)**

The increase in the present value of a defined benefits scheme's liabilities expected to arise from the employee service in the current period.

**Debtors**

Sums of money due to the PCC Group for work done or services supplied but not received at the end of the financial year.

**Deferred Liabilities**

Liabilities which by arrangement are payable beyond the next financial year at some point in the future or paid off by an annual sum over a period of time.

**Defined Benefits Scheme**

A pension or other retirement benefit scheme, other than a defined contribution scheme, with rules that usual define the benefit independently of the contributions payable and where the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

**Depreciation.**

The measure of the cost or revalued amount of the benefits of the non-current asset that have been consumed during the period.

Consumption includes the wearing out, using up or other reduction on the useful life of a non-current asset whether arising from use, passage of time or obsolescence through either changes in technology or the demand for the service produced by the asset.

**Financial Year**

The 12 months commencing on 1 April covered by the accounts.

**IAS19**

The objective of International Accounting Standard (IAS) 19, *Accounting for Retirement Benefits in Financial Statements of Employers* is to prescribe the accounting and disclosure for employee benefits (that is, all forms of consideration given by an entity in exchange for service rendered by employees). The principle underlying all of the detailed requirements of the Standard is that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

**IFRS**

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

**Going Concern**

The concept that the PCC Group will remain in operation existence for the foreseeable future, in particular that the revenue accounts and Balance Sheet assume no intention to curtail significantly the scale of operations.

**Group**

The term Group refers to the Police and Crime Commissioner for West Yorkshire (PCC) and the Chief Constable for West Yorkshire (CC).

**Impairment**

A reduction in the value of a non-current asset below the amount shown on the balance sheet.

**Leasing**

A method of financing capital expenditure where a rental charge is paid for a specified period of time. There are two main types of leasing arrangements:-

- (a) finance leases which transfer all of the risks and rewards of ownership of a non-current asset to the lessee and such assets are included in the non-current assets in the balance sheet.
- (b) operating leases where the ownership of the asset remains with the leasing company and the annual rental is charged direct to the service revenue accounts.

**Liquid resources**



Current asset investments that are readily disposable by the PCC without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount or traded in an active market.

### **Local Policing Body**

The collective term describing elected police and crime commissioners for each police area outside of London and the Mayor's Office for Policing and Crime for the metropolitan police district.

### **Minimum Revenue Provision (MRP)**

The minimum amount that the PCC is statutorily required to set aside from revenue each year as a provision to meet credit liabilities. For the PCC this relates to a principal sum based on a prudent assessment of the useful life of the asset, which is used for the redemption of external debt.

### **Medium Term Financial Strategy (MTFS)**

A statement setting out a forecast of possible spending and government support for a forward three year period and used as a basis for planning.

### **Net Book Value**

The amount at which non-current assets are included in the Balance Sheet and being their historical cost or current value, less the cumulative amounts provided for depreciation.

### **Non-Current Assets**

Tangible and intangible assets that yield benefits to the PCC for a period of more than one year.

### **Non Distributed Costs**

This is where overheads are not charged or apportioned to activities within the service expenditure analysis in the Income and Expenditure Account.

### **Police and Crime Commissioner (PCC)**

The Police and Crime Commissioner is a separate corporation sole, which was established on 22 November 2012 under the Police Reform and Social Responsibility Act 2011.

### **Precept**

The method by which the PCC Group obtains the income it requires from Council Tax via the appropriate authorities.

### **Relevant Police Officer**

The Chief Constable (England and Wales) and any other senior police officer whose salary is £150,000 per year or more.

### **Remuneration**

All amounts paid to or receivable by a person, and includes sums due by way of expenses allowance (so far as those sums are chargeable to United Kingdom income tax), and the estimated money value of any other benefits received by an employee otherwise than in cash (e.g. benefits in kind).

### **Senior Employee**

A senior employee is an employee whose salary is more than £150,000 per year, or one whose salary is at least £50,000 per year (to be calculated pro rata for a part-time employee) and who is:

- (a) the designated head of paid service, a statutory chief officer or a non-statutory chief officer of a relevant body, as defined under the Local Government and Housing Act 1989
- (b) the head of staff for a relevant body which does not have a designated head of paid services, or
- (c) any person having responsibility for the management of the relevant body, to the extent that the person has power to direct or control the major activities of the body, in particular activities involving the expenditure of money, whether solely or collectively with other persons.

### **Senior Police Officer**

A senior police officer is defined as a member of a police force holding a rank above that of superintendent (i.e. chief superintendent and above).