



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

**Statement of Accounts
2018/19**

POLICE AND CRIME COMMISSIONER FOR WEST YORKSHIRE

STATEMENT OF ACCOUNTS 2018/19

	PAGES
Certification by the Chief Finance Officer and Police and Crime Commissioner for West Yorkshire	3
Audit Opinion	4 - 7
Statement of Responsibilities for the Statement of Accounts	8
Narrative Report and Financial Review	9 - 18
<i>Single Entity Financial Statements for the Police and Crime Commissioner for West Yorkshire:</i>	
Comprehensive Income and Expenditure Statement	19
Movement in Reserves Statements	20
<i>GROUP Financial Statements for the Police and Crime Commissioner for West Yorkshire:</i>	
Comprehensive Income and Expenditure Statement	21
Movement in Reserves Statements	22
Balance Sheet	23
Cash Flow Statement	23
Notes to the Core Financial Statements (Group and Single Entity where relevant)	24 - 72
Pension Fund Statement of Accounts	73 - 75
Annual Governance Statement	76 - 84
Glossary of Terms	85 - 87

CERTIFICATION
BY THE
CHIEF FINANCE OFFICER AND THE
POLICE AND CRIME COMMISSIONER FOR WEST
YORKSHIRE

The Accounts and Audit Regulations 2015, produced and enforceable under the Local Audit and Accountability Act 2014, require the Statement of Accounts to be signed by the officer responsible for the financial administration of the Accounts for the Police and Crime Commissioner for West Yorkshire and the Group, and by the person presiding at the meeting where the accounts are formally approved.

I certify that the Statement of Accounts set out on pages 19 to 75 represents a true and fair view of the financial position of the Police and Crime Commissioner for West Yorkshire and the Group as at 31 March 2019, and its income and expenditure for the year ended 31 March 2019.

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

Mark Burns-Williamson
Police and Crime Commissioner for West Yorkshire

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 for West Yorkshire (the 'group') for the year ended 31 March 2019. The financial statements 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, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies, and include the police pension fund financial statements comprising the West Yorkshire Police Pension Fund Account statements and Notes to the Pension Fund Account. 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 2018/19.

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 2019 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 prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; 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.

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 Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Treasurer 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.

Other information

The Treasurer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, the Narrative Report and the Annual Governance Statement 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)' 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, the Narrative Report and the Annual Governance Statement 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 Treasurer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 7, 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 Treasurer. The Treasurer 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 2018/19, for being satisfied that they give a true and fair view, and for such internal control as the Treasurer 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 Treasurer 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. 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 November 2017, 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 2019.

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 November 2017, 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 2019.

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 2019. 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 2019.

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

31 July 2019

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.

This document was signed by the Police and Crime Commissioner and the Chief Finance Officer of West Yorkshire on the 31st July 2019.

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 264 officers and 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 over 70% of our overall budget.



I will of course continue to lobby Government and speak directly with the Home Secretary about a better 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. 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. However, with the support of our communities I have increased the police council tax precept to ensure the police, working with our partners, can continue keeping West Yorkshire safe and feeling safe, but this cannot be the Government's answer to how to meet our funding shortfalls long term.

Despite the significant funding challenges, I, alongside West Yorkshire Police and partners, continue to strive to keep West Yorkshire safe and feeling safe. During 2018/19 there has been a significant increase in demand pressures which we have sought to decrease through targeted prevention and early intervention work. I have also recently launched a Reducing Reoffending Strategy that my office has devised alongside partners across Community Safety and Criminal Justice Sectors.

My Safer Communities Fund (Proceeds of Crime) has to date seen over £2m allocated to local groups and organisations within our communities 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.

Clearly, Government austerity measures extend beyond Policing and I recognise the impact that it is also having upon local authorities, not to mention the many other organisations that help to deliver against my Police and Crime Plan.

I have also earmarked money for community safety projects with our Community Safety Partnership (CSP) colleagues, to cover areas such as preventing anti-social behaviour, road safety and domestic abuse. Partnership working is crucial to ensure we are doing all we can to help keep our communities safe despite the backdrop of severely stretched resources and I am pleased we are effective in delivering this in West Yorkshire together.

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 and predicted to be absorbed within 2020/21. 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 2018/19 the Police and Crime Commissioner (PCC) has:

- Provided funding for recruiting 143 additional police officers and staff in 2018/19 and budgeted for 264 additional police officers and staff for 2019/20.
- Maintained the number of Police and Community Support Officers despite funding cuts from partner organisations in the 2019/20 budget.
- Given over £620,000 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.
- Approved the business case for a new Sexual Assault Referral Centre (SARC) premises, with expected completion of the works in 2020.

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. The structure of this Narrative Report is set out below.

1. Explanation of the PCC and Group
2. Introduction to West Yorkshire
3. Financial performance
4. Non-financial performance
5. People
6. Corporate risks and uncertainties
7. Summary and conclusion

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 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 which 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 which 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.

3. FINANCIAL PERFORMANCE

a. Economic Climate

Since the beginning of austerity in 2010, West Yorkshire Police has seen funding reduce by 30%, which translates to a reduction of over £140 million. Between 2010 and 2015, West Yorkshire Police saw a reduction of around 2,000 Police Officers and Staff.

The recently set 2019/20 budget, has seen the first increase in Police Government Funding since 2010. Whilst this is positive, it is still not sufficient to cover the 2% inflationary increases applied in the 2019/20 budget. It does however help to cover the £11.73m estimated increase in Police Pension Costs as a result of the change in calculation of pensions costs by the HM Treasury.

As a result of recent precept increases in recent years and budget savings, West Yorkshire Police has been able to increase police office numbers and continue to rebuild the front line. Whilst still some way short of the 2010 numbers, the investment that communities in West Yorkshire have enabled the Police and Crime Commissioner to make, is significant and goes some way to help meet the increasing demands faced by West Yorkshire Police.

b. Financial Management

West Yorkshire Police and West Yorkshire OPCC have robust and sound financial management practices. Comprehensive financial reports are submitted to the Chief Officer Team on a monthly basis and are provided frequently to the PCC. Medium Term Financial Forecasts are refreshed regularly and decisions are taken based on current and future financial information.

The 2017/18 (most recent report) HMICFRS Assessments of West Yorkshire Police, rated all the three PEEL pillars of Efficiency, Legitimacy and Effectiveness as "Good".

c. Revenue

Budget 2018/19

2018/19 settlement was the eighth consecutive year of cuts to government police funding. The Home Office police grant was a flat cash settlement, meaning that pay and inflation increases had to be absorbed within prior year funding levels.

In preparing the annual revenue budget full provision was included for pay and other inflationary increases and further savings were identified through the West Yorkshire Police Programme of Change in order to balance the budget. To enable recruitment to continue reserves were used to balance the budget. The use of reserves can be seen in the table below.

Due to savings made through the programme of change and through raising additional council tax income, the 2018/19 net budget requirement of £426.5m allowed recruitment of 143 new police officer and staff posts in addition to recruiting to vacancies that had arisen as a consequence of natural officer turnover such as retirements.

Revenue Outturn 2018/19

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

2018/19	Revised Estimate	Actual	Variation
	£'000	£'000	£'000
NET SERVICE EXPENDITURE			
Net Cost of Police Services	409,389	410,715	(1,326)
OPCC Direction and Control	230	183	47
OPCC Corporate and Democratic Core	1,601	1,566	35
OPCC Partnership Initiatives	5,182	5,159	23
Other Operating Costs	10,146	9,810	336
Net Cost of Police Services	426,548	427,433	(885)
Net Total Contributions to/(from) Earmarked Reserves	(12,050)	(8,327)	(3,723)
Transfer to/(from) General Reserve	4,831	223	4,608
TOTAL NET EXPENDITURE	419,329	419,329	0
FINANCING			
Police Grant	169,131	169,131	0
RSG	16,693	16,693	0
NNDR	127,500	127,500	0
Precept	106,005	106,005	0
TOTAL GROUP FINANCING	419,329	419,329	0

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:

2017/18 £000		2018/19 £000
423,123	TOTAL NET EXPENDITURE PER OUTTURN REPORT	427,433
(5,655)	Revenue Funding of Capital	(3,045)
(5,635)	Minimum Revenue Provision (MRP)	(4,522)
46,208	Depreciation, amortisation and Impairments	33,138
142,363	IAS19 Pension Service Costs (accounting basis)	433,175
(63,498)	Pension Contributions (funding basis)	(64,765)
2,188	Movement on Employee Benefits Accrual	(6,225)
460	Interest Receivable	626
(10,781)	Interest Payable	(10,658)
0	Net (gains)/losses on financial assets at FVPL	210
27	Flexible Attachments	12
528,800	COST OF POLICE SERVICES CIES	805,379

Outlook – Medium Term Financial Forecast

The Medium Term Financial Forecast presented to the Police and Crime Panel in February 2019 showed a balanced position for 2019/20 following the use of £3.706 of revenue reserves (£2.242m of which is specifically for organisational transformation), and the position for future years, if the significant saving plans in place are met, as:

- 2020/21 £0.385m shortfall
- 2021/22 £2.067m shortfall
- 2022/23 £0.188m shortfall

A high level summary of the MTFF is provided below.

West Yorkshire Police	2019/20 Estimate at Outturn £000	2020/21 Estimate at Outturn £000	2021/22 Estimate at Outturn £000	2022/23 Estimate at Outturn £000
Pay	420,141	433,229	439,280	445,602
Non pay	115,002	117,231	124,826	127,323
Income	(96,757)	(97,667)	(98,797)	(99,939)
Total Force Budget	438,386	452,793	465,309	472,986
Office of the PCC	1,673	1,706	1,740	1,775
Community Safety Fund	5,182	5,182	5,182	5,182
Shared Services	235	240	244	249
Total OPCC and Shared Services	7,090	7,128	7,166	7,206
Net Budget Requirements	445,476	459,921	472,475	480,192
Funded by:				
Contribution from Reserves	3,706	1,753	1,660	134
Police Grant	319,552	330,460	336,197	341,964
Collection Fund Surplus/(Deficit)	200	200	200	200
Precept Requirements	122,018	127,123	132,351	137,706
Total Funding	445,476	459,536	470,408	480,004
Shortfall	0	385	2,067	188

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

The next few years will undoubtedly be extremely challenging and difficult, but work is in hand to make sure that our key priority services are maintained to the highest standards possible with the available funding. We will continue to be robust in driving out all possible savings from non-staff budgets and ensure that, as far as practicably possible, our staff are delivering the right service at the right time.

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 2018/19

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

	Revised Annual Budget £000	Annual Spend £000
Estates Schemes	4,474	4,588
Vehicles and Equipment	5,746	5,939
ICT Schemes	6,963	7,541
Transformational Schemes	0	0
NPAS	16,582	15,342
	<u>33,765</u>	<u>33,410</u>

Medium Term Capital Plan

The PCC has approved a Medium Term Capital Plan (MTCP) costing £81,486m over the next three years, which will provide the Force with appropriate infrastructure and assets to deliver innovative policing strategies with fewer resources.

	2019/20 £000	2020/21 £000	2021/22 £000	Total £000
Estates Schemes	13,662	22,301	15,021	50,984
Vehicles and Equipment	2,800	2,200	2,200	7,200
ICT Schemes	11,446	8,775	3,081	23,302
	<u>27,908</u>	<u>33,276</u>	<u>20,302</u>	<u>81,486</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 2018 £000		31 March 2019 £000
270,420	Long Term Assets	295,106
160,914	Current Assets	138,503
(106,587)	Current Liabilities	(94,042)
(5,255,624)	Long Term Liabilities	(5,978,023)
(4,930,877)	Net Assets	(5,638,456)
(4,930,878)	Total Reserves	(5,638,457)

4. NON-FINANCIAL PERFORMANCE

In 2017/18 (the latest report), West Yorkshire Police was rated as 'good' in each of the three pillars of effectiveness, efficiency and legitimacy in HM Inspectorate of Constabulary's (HMICFRS) annual PEEL assessments of the Force's 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, the Office of National Statistics, the Ministry of Justice, and through WYP's own performance monitoring tools. We hold a quarterly meeting with the Chief Constable to discuss performance and to ensure that any new patterns in offending in the county are being addressed.

During 2018/19 there were 269,682 offences recorded in West Yorkshire – representing an increase of 11.7% compared to the previous year. West Yorkshire's performance is slightly ahead of the England and Wales average increase (7% to December 2018)

West Yorkshire's rate of increase matches that of 2017/18, and whilst improved recording practices contribute to the increase in recorded crime, West Yorkshire Police analysts also recognise that there have been small increases in some types of offence. Roughly 5% of the increase in recorded crime is attributed to an increase in injury/non-injury violence, theft of motor vehicles, personal robbery, public order offences and possession of weapons.

A change in the counting rules in relation to harassment offences has also resulted in over 3,000 additional offences being recorded since April 2018.

West Yorkshire Police have achieved a significant award for their work to ensure that the extent of crime in the area is recorded accurately. They have become one of two forces in England and Wales to gain an 'Outstanding' grade following HMICFRS's 2019 inspection of Crime Data Integrity (CDI).

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 14.37% of survey respondents in West Yorkshire have been a victim of household crime (data to Dec. 2018). This figure has moved between 10 and 14% over the past three years, but with the latest figure at the upper end of this range, it is data source we will want to monitor closely during 2019/20. West Yorkshire is currently three percentage points above the MSG average for this measure.

The CSEW's measure of the risk of personal crime is much lower; 3.9% of survey respondents state that they have been a victim in the previous twelve months. 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.

The latest result reflects a small reduction in the proportion who reported being a victim of personal crime during the first two quarters of 2019. Here, West Yorkshire is matching the average figure amongst its MSG force areas.

5. PEOPLE

At 31st March 2019 West Yorkshire Police employed 9,835 people in full and part time contracts. We also had 374 unpaid members of the special constabulary and 239 volunteers giving a total workforce of 10,448.

Below is the make-up of the Police workforce:

	As at 31/03/19		
	Workforce Head Count	Actual Full Time Equivalent	Budgeted Full Time Equivalent
Police Officers	5,246	5,123	4,964
Police Staff	3,967	3,551	3,844
PCSO's	622	599	603
Paid Employees	9,835	9,273	9,411
Special Constabulary	374		
Volunteers	239		
Total Workforce	10,448		

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. SUMMARY AND CONCLUSION

We 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.

In April 2018 (the most recent report) HMICFRS published the results of the Police efficiency, effectiveness and legitimacy (PEEL) inspections. West Yorkshire was assessed as good in the three pillars of efficiency, 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 office recruitment to restart to help meet the increasing demand placed on West Yorkshire Police and to start to rebuild the front line.

In reshaping our organisation to work within a reducing budget, we have sought to deliver savings in back-office and operational support areas whilst seeking to protect frontline delivery. The latest medium term financial forecast, which covers the period 2019/20 to 2021/22, provides for some reinvestment in priority areas including additional police officers and the enhancement of cyber and safeguarding capability. 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 Chief Constable, PCC 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 Regulations 2015 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 CC 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 2018/19 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 31st 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 2018.

Revenue Accounts

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

Notes

Notes to the financial statements provide more detail about the PCC's and Group's accounting policies and individual transactions.

Further information about the accounts is available from:

Katherine Johnson
Treasurer
Ploughland House,
62 George Street,
Wakefield.
Telephone 01924 294000.
E-mail katherine.johnson@westyorkshire.pcc.gov.uk

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

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)						
2017/18				2018/19		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
11,804	(141,305)	(129,501)	Corporate and Central Services PCC	12,550	(149,729)	(137,179)
11,804	(141,305)	(129,501)	Cost of Policing Service	12,550	(149,729)	(137,179)
		577,563	Group expenditure not under the direction and control of the PCC			580,779
		448,062	Total Cost of Policing Service			443,600
		79,984	Other operating expenditure (Note 7)			90,260
		10,402	Financing and investment income and expenditure (Note 8)			9,899
		(524,003)	Taxation and non-specific grant income and expenditure (Note 9)			(524,610)
		14,445	(Surplus) or Deficit on Provision of Services			19,149
		(2,639)	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(31,807)
		(37)	Remeasurement of net defined benefit liability / (asset)			205
		(2,676)	Other Comprehensive Income and Expenditure			(31,602)
		11,769	Total Comprehensive Income and Expenditure			(12,453)

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			
Balance at 1 April 2017	29,267	61,837	91,104	6,609	1,966	99,678	64,315	163,993
Movement in Reserves during year								
Surplus or (deficit) on the provision of services	(14,447)	0	(14,447)	0	0	(14,447)	0	(14,447)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	2,678	2,678
Total Comprehensive Income and Expenditure	(14,447)	0	(14,447)	0	0	(14,447)	2,678	(11,769)
Adjustments between accounting basis & funding basis under regulations (note 5)	(3,958)	0	(3,958)	3,263	(509)	(1,204)	1,204	0
Net Increase/Decrease before Transfers to Earmarked Reserves	(18,405)	0	(18,405)	3,263	(509)	(15,651)	3,883	(11,768)
Transfers (to)/from Earmarked Reserves (Note 6)	4,584	(4,584)	0	0	0	0	0	0
Increase/Decrease in year	(13,821)	(4,584)	(18,405)	3,263	(509)	(15,651)	3,883	(11,768)
Balance at 31 March 2018 C/fwd	15,446	57,253	72,699	9,872	1,457	84,028	68,195	152,223

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			
Balance at 1 April 2018	15,446	57,253	72,699	9,872	1,457	84,027	68,195	152,223
Movement in Reserves during year								
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
Total Comprehensive Income and Expenditure	(19,150)	0	(19,150)	0	0	(19,150)	31,602	12,452
Adjustments between accounting basis & funding basis under regulations (note 5)	4,647	0	4,647	(4,250)	1,017	1,414	(1,414)	(0)
Net Increase/Decrease before Transfers to Earmarked Reserves	(14,503)	0	(14,503)	(4,250)	1,017	(17,736)	30,188	12,452
Transfers (to)/from Earmarked Reserves (Note 6)	14,308	(14,308)	(0)	0	0	(0)	0	(0)
Increase/Decrease in year	(195)	(14,308)	(14,503)	(4,250)	1,017	(17,736)	30,188	12,452
Balance at 31 March 2019 C/fwd	15,251	42,945	58,196	5,622	2,474	66,292	98,382	164,673

GROUP STATEMENTS FOR THE POLICE AND CRIME COMMISSIONER FOR WEST YORKSHIRE

Comprehensive Income and Expenditure Statement						
Police and Crime Commissioner Group						
2017/18				2018/19		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
137,114	0	137,114	Policing District West	209,526	0	209,526
135,825	0	135,825	Policing District East	201,531	0	201,531
74,986	0	74,986	Policing Specialist Operations	109,781	0	109,781
32,442	0	32,442	Policing Specialist Crime	48,032	0	48,032
28,922	0	28,922	Regional Policing	41,000	0	41,000
84,300	0	84,300	National Policing	104,393	0	104,393
86,495	0	86,495	Finance and Business Services	88,588	0	88,588
78,217	0	78,217	Corporate and Central Services CC	139,707	0	139,707
11,804	(141,305)	(129,501)	Corporate and Central Services PCC	12,550	(149,729)	(137,179)
670,105	(141,305)	528,800	Cost of Policing Service	955,108	(149,729)	805,379
		79,984	Other operating expenditure (Note 7)			90,260
		144,277	Financing and investment income and expenditure (Note 8)			144,340
		(524,003)	Taxation and non-specific grant income and expenditure (Note 9)			(524,610)
		229,058	(Surplus) or Deficit on Provision of Services			515,369
		(2,639)	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(31,807)
		(567,705)	Remeasurement of net defined benefit liability / (asset)			224,014
		(570,344)	Other Comprehensive Income and Expenditure			192,207
		(341,286)	Total Comprehensive Income and Expenditure			707,576

Movement in Reserves Statement Police and Crime Commissioner Group

	Revenue Reserves		General Fund Total	Capital Reserves		Total Usable Reserves	Total Unusable Reserves	Total Group Reserves
	Police Fund Balance	Earmarked Reserves		Deferred Capital Receipts Reserve	Capital Grants Unapplied			
	£000	£000		£000	£000			
Balance at 1 April 2017	29,267	61,837	91,104	6,609	1,966	99,679	(5,371,843)	(5,272,164)
Movement in Reserves during year								
Surplus or (deficit) on the provision of services	(229,059)	0	(229,059)	0	0	(229,059)	0	(229,059)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	570,344	570,344
Total Comprehensive Income and Expenditure	(229,059)	0	(229,059)	0	0	(229,059)	570,344	341,285
Adjustments between accounting basis & funding basis under regulations (note 5)	210,654	0	210,654	3,263	(509)	213,408	(213,408)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	(18,405)	0	(18,405)	3,263	(509)	(15,651)	356,936	341,285
Transfers (to)/from Earmarked Reserves (Note 6)	4,584	(4,584)	0	0	0	0	0	0
Increase/Decrease in year	(13,821)	(4,584)	(18,405)	3,263	(509)	(15,651)	356,936	341,285
Balance at 31 March 2018 C/fwd	15,446	57,253	72,699	9,872	1,457	84,028	(5,014,908)	(4,930,880)

Movement in Reserves Statement Police and Crime Commissioner Group

	Revenue Reserves		General Fund Total	Capital Reserves		Total Usable Reserves	Total Unusable Reserves	Total Group Reserves
	Police Fund Balance	Earmarked Reserves		Deferred Capital Receipts Reserve	Capital Grants Unapplied			
	£000	£000		£000	£000			
Balance at 1 April 2018	15,446	57,253	72,699	9,872	1,457	84,028	(5,014,908)	(4,930,880)
Movement in Reserves during year								
Surplus or (deficit) on the provision of services	(515,369)	0	(515,369)	0	0	(515,369)	0	(515,369)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(192,207)	(192,207)
Total Comprehensive Income and Expenditure	(515,369)	0	(515,369)	0	0	(515,369)	(192,207)	(707,576)
Adjustments between accounting basis & funding basis under regulations (note 7)	500,866	0	500,866	(4,250)	1,017	497,633	(497,633)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	(14,503)	0	(14,503)	(4,250)	1,017	(17,736)	(689,840)	(707,576)
Transfers (to)/from Earmarked Reserves (Note 8)	14,308	(14,308)	0	0	0	0	0	0
Increase/Decrease in year	(195)	(14,308)	(14,503)	(4,250)	1,017	(17,736)	(689,840)	(707,576)
Balance at 31 March 2019 C/fwd	15,251	42,945	58,196	5,622	2,474	66,292	(5,704,749)	(5,638,457)

Balance Sheet

Police and Crime Commissioner Group

PCC	GROUP		GROUP	PCC
31 March 2018	31 March 2018		31 March 2019	31 March 2019
£000	£000	GROUP Notes	£000	£000
255,435	255,435	Property, Plant & Equipment	279,051	279,051
6,117	6,117	Intangible Assets	9,656	9,656
0	0	Long Term Investments	0	0
8,868	8,868	Long Term Debtor	6,399	6,399
270,420	270,420	Long Term Assets	295,106	295,106
73,215	73,215	Short Term Investments	52,963	52,963
98	98	Assets Held for Sale	312	312
2,713	2,713	Inventories	2,602	2,602
80,984	80,984	Short Term Debtors	77,906	77,906
3,903	3,903	Cash and Cash Equivalents	4,720	4,720
160,914	160,914	Current Assets	138,503	138,503
(94)	(94)	Cash and Cash Equivalents	0	0
(14,896)	(14,896)	Short Term Borrowing	(16,461)	(16,461)
(65,502)	(86,084)	Short Term Creditors	(71,382)	(56,943)
(2,187)	(2,187)	Short Term PFI Finance Lease Liability	(2,383)	(2,383)
(3,327)	(3,327)	Provisions	(3,816)	(3,816)
(86,006)	(106,587)	Current Liabilities	(94,042)	(79,604)
(8,868)	(8,868)	Long Term Creditors	(6,399)	(6,399)
(500)	(500)	Long Term Provisions	(1,300)	(1,300)
(86,021)	(86,021)	Long Term Borrowing	(85,532)	(85,532)
(92,611)	(92,611)	Long Term PFI Finance Lease Liability	(90,227)	(90,227)
(5,105)	(5,067,624)	Other Long Term Liabilities	(5,794,566)	(5,875)
(193,105)	(5,255,624)	Long Term Liabilities	(5,978,023)	(189,332)
152,223	(4,930,878)	Net Assets	(5,638,456)	164,673
84,028	84,028	Usable Reserves	66,290	66,290
68,195	(5,014,907)	Unusable Reserves	(5,704,747)	98,382
152,223	(4,930,878)	Total Reserves	(5,638,457)	164,672

Cash Flow Statement

Police and Crime Commissioner Group

PCC	GROUP		GROUP	PCC
2017/18 £000	2017/18 £000		2018/19 £000	2018/19 £000
14,445	229,058	Net (surplus) or deficit on the provision of services	515,369	19,149
(31,435)	(246,048)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(511,601)	(15,381)
4,795	4,795	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities.	(9,255)	(9,255)
(12,195)	(12,195)	Net Cash flows from Operating Activities (Note 22)	(5,487)	(5,487)
4,321	4,321	Investing Activities (Note 23)	(7,184)	(7,184)
12,954	12,954	Financing Activities (Note 24)	11,761	11,761
5,080	5,080	Net (Increase) or decrease in cash and cash equivalents	(910)	(910)
(8,889)	(8,889)	Cash and cash equivalents at the beginning of the reporting period	(3,809)	(3,809)
(3,809)	(3,809)	Cash and cash equivalents at the end of the reporting period (Note 17)	(4,720)	(4,720)

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.

NUMBER	DESCRIPTION	PAGE
Note 1	ACCOUNTING POLICIES	25
Note 2	ASSUMPTIONS ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY	35
Note 3	EVENTS AFTER THE BALANCE SHEET DATE	36
Note 4	EXPENDITURE AND FUNDING ANALYSIS	36
Note 5	ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION	38
Note 6	MOVEMENTS IN EARMARKED RESERVES	40
Note 7	OTHER OPERATING EXPENDITURE	41
Note 8	FINANCING AND INVESTING INCOME AND EXPENDITURE	41
Note 9	TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE	41
Note 10	EXPENDITURE AND INCOME ANALYSED BY NATURE	42
Note 11	PROPERTY, PLANT AND EQUIPMENT	43
Note 12	FINANCIAL INSTRUMENTS	47
Note 13	INVENTORIES	48
Note 14	DEBTORS	49
Note 15	CASH AND CASH EQUIVALENTS	49
Note 16	CREDITORS	49
Note 17	PROVISIONS	50
Note 18	USABLE RESERVES	51
Note 19	UNUSABLE RESERVES	51
Note 20	CASH FLOW STATEMENT – OPERATING ACTIVITIES	55
Note 21	CASH FLOW STATEMENT – INVESTING ACTIVITIES	55
Note 22	CASH FLOW STATEMENT – FINANCING ACTIVITIES	55
Note 23	MEMBERS ALLOWANCES	55
Note 24	OFFICERS' REMUNERATION	56
Note 25	EXTERNAL AUDIT COSTS	58
Note 26	GRANT INCOME	59
Note 27	RELATED PARTIES	59
Note 28	CAPITAL EXPENDITURE AND CAPITAL FINANCING	60
Note 29	LEASES	60
Note 30	PRIVATE FINANCE INITIATIVES	61
Note 31	DEFINED BENEFIT PENSION SCHEMES	63
Note 32	CONTINGENT LIABILITIES	68
Note 33	NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS	68
Note 34	OTHER BALANCES	70
Note 35	YORKSHIRE AND THE HUMBER LEAD FORCE COLLABORATION	71
Note 36	NPAS	72

Note 1 - 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 2018/19 (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 2019. The term 'Group' is used to indicate the aggregated transactions and policies of the PCC and the CC.

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.

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.

Comprehensive Income and Expenditure Statement (CIES)

The CC 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 CC's Assistant Chief Officer.

Expenditure related to the Cost of Police Services will be shown in the CC 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.

Intra-Group Charges

Special arrangements exist in relation to intra group adjustments where the charges are eliminated in the Group accounts.

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.

Accruals of Income and Expenditure

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

- Fees, charges and rents due are accounted for as income at the date the goods or services are provided.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Exceptional Items and Prior Period Adjustments

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement, or in the notes to the accounts, depending on how significant the items are to an understanding of the Group's financial performance.

Prior period adjustments may arise as a result of a change in accounting policies or to correct material errors. 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.

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.

Provisions

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.

Provisions are charged to the Comprehensive Income and Expenditure Statement when the Group becomes aware of the obligation, based on the best estimate of the likely settlement, taking into account relevant risks and uncertainties.

When payment is eventually made, it is charged directly against the corresponding provision in the Balance Sheet. Settlement amounts are shown separately for those which are expected to be settled within a year, and those over a year. If necessary the longer term settlements are discounted in order to present a true and fair view of value of the provision at today's prices.

Carbon Reduction Commitment Scheme

The Group is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. This scheme is currently in the initial year of its second phase, which ends on 31 March 2019. The Group is required to purchase allowances, either prospectively or retrospectively, and surrender them on the basis of emissions, i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the PCC is recognised and reported in the costs of the PCC's services and is apportioned to services on the basis of energy consumption.

Reserves

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.

Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due 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.

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as 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 CC.

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 Comprehensive Income and Expenditure Statement 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.

Post-Employment Benefits

The requirements of International Accounting Standard (IAS) 19 'Employee Benefits' have been fully implemented in accordance with policies set out in the Code of Practice.

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, that is, an assessment of 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;

Scheme liabilities are discounted at the rate which reflects the time value of money and the characteristics of the liability;

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 Comprehensive Income and Expenditure Statement to the services for which the employees worked.

Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years, debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.

Net interest 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 Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

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.

A separate statement of Police Pension Fund Accounts is prepared to reflect the transactions in respect of funding for the Police Pension Schemes.

Intangible Fixed 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.

Regional Working

The Group engages in collaborative working in partnership with the Yorkshire and Humber Authorities/Forces to deliver a number of specific services on a regional basis.

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

One Force is nominated to provide particular services to the Region, charging the other Forces for the services provided. West Yorkshire is the lead Force for Serious and Organised Crime and Scientific Support Services.

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

Principal and Agent

PCC acts as a distribution point for grant monies to other bodies. Where the PCC bears no significant risk in the transaction he is deemed to be acting as an agent. Where the PCC bears significant risk he is acting as a principal.

Within West Yorkshire the PCC distributes funds to a number of external organisations, acting as both principal and agent. On these occasions the principal portion is recognised in the financial statements as being the element of grant that the PCC has been awarded as part of the funding agreement.

Where the PCC acts as an agent, transactions are not reflected in the financial statements, other than debtor and creditor positions between the organisations in the agreement. This net cash position is included in Financing Activities in the Cash Flow Statement.

Property, Plant and Equipment

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.

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.

Private Finance Initiatives (PFI) and Similar Contracts

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.

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.

Leases

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.

Events after the reporting period

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

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

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

Financial Instruments

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 cashflow 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).

Expected Credit Loss Model

The PCC recognises expected credit losses on all its financial assets held at amortised cost. either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the PCC.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses.

Revenue from Contracts with Service Recipients

The group recognises revenue when the transfer of promised goods and services to the customers takes place. Revenue distinguished will be an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services.

This does not apply to lease agreements, financial instruments, insurance contracts or where another standard applies.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with any financial institution, re-payable without penalty, on notice of not 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.

Contingent Liabilities

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.

Contingent Liabilities are not recognised in the balance sheet but disclosed in a note to the accounts.

International Accounting Standards that have been issued but not yet adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code), the Group is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted.

IFRS 16 Leases will require local authorities that are lessees to recognise most leases on their balance sheets as a right of use assets with corresponding lease liabilities (there is recognition for low value and short-term leases). The standard is effective from 01 January 2019 so will be adopted in the 19/20 financial accounts.

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

Note 2 – 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 2019 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
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Group will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £0.111m for every year that useful lives had to be reduced.
Pensions Liability	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 expected returns on pensions fund assets. A firm of consulting actuaries is engaged to provide the Group with expert advice about the assumptions to be applied.	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 £101m for Police Officers and a reduction of £21m for Police Staff. Further details of the effect of accounting assumptions can be found within Note 30.
Fair Value Estimations	When the fair value of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Group's assets and liabilities. Where Level 1 inputs are not available, the Group employs relevant experts to identify the most appropriate valuation techniques to determine fair value.	The Group used combination of indexation techniques, valuations and discounted cash flow models to measure fair value depending on which technique it considers most appropriate. Significant changes in any unobservable input could result in a lower or higher fair value measurement for financial assets and liabilities. Information about valuation techniques are set out in Notes 11 and 12.

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 31 May 2019. 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 2019, 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)						
2017/18				2018/19		
Net Expenditure Chargeable to General Fund Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES		Net Expenditure Chargeable to General Fund Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES
£000	£000	£000		£000	£000	£000
(129,815)	314	(129,501)	Corporate and Central Services PCC	(137,585)	406	(137,179)
(129,815)	314	(129,501)	Net Cost of Services	(137,585)	406	(137,179)
542,645	34,918	577,563	Intra-group adjustment	555,208	25,571	580,779
(399,124)	(34,492)	(433,616)	Other Income and Expenditure	(409,520)	(14,931)	(424,451)
4,700	(4,700)	0	Movement from Reserves to General Fund	6,401	(6,401)	0
148,221	(4,274)	143,947	Other Income and Expenditure	152,089	4,239	156,328
18,406	(3,960)	14,446	(Surplus) or Deficit	14,504	4,645	19,149
91,106			Opening General Fund Balance	72,700		
(18,406)			Less/Plus Surplus or (Deficit) on General Fund Balance in Year	(14,504)		
72,700			Closing General Fund Balance at 31st March	58,196		

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

2017/18				Adjustments Between Funding and Accounting Basis	2018/19			
Adjustments for Capital Purposes	Net Change in the Pensions Adjustments	Other Differences	Total Adjustments	Adjustment from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net Change in the Pensions Adjustments	Other Differences	Total Adjustments
£000	£000	£000	£000		£000	£000	£000	£000
0	280	34	314	Corporate and Central Services PCC	0	488	(82)	406
0	280	34	314	Net Cost of Services	0	488	(82)	406
34,918	0	0	34,918	Intra group adjustment	25,571	0	0	25,571
(39,117)	82	(157)	(39,192)	Other income and expenditure from the Expenditure and Funding Analysis	(22,422)	77	1,013	(21,332)
(4,199)	362	(123)	(3,960)	Difference Between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services	3,149	565	931	4,645

Expenditure and Funding Analysis Police and Crime Commissioner Group

2017/18				2018/19		
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
115,682	21,432	137,114	Policing District West	115,463	94,063	209,526
114,650	21,175	135,825	Policing District East	111,086	90,445	201,531
65,942	9,044	74,986	Policing Specialist Operations	66,368	43,413	109,781
28,355	4,087	32,442	Policing Specialist Crime	29,943	18,089	48,032
25,789	3,133	28,922	Regional Policing	26,529	14,471	41,000
67,009	17,291	84,300	National Policing	68,057	36,336	104,393
53,043	33,452	86,495	Finance and Business Services	57,795	30,793	88,588
72,175	6,042	78,217	Corporate and Central Services CC	79,967	59,740	139,707
(129,815)	314	(129,501)	Corporate and Central Services PCC	(137,585)	406	(137,179)
412,830	115,970	528,800	Net Cost of Services	417,623	387,756	805,379
(399,124)	(34,492)	(433,616)	Other Income and Expenditure PCC	(409,520)	(14,931)	(424,451)
0	133,875	133,875	Other Income and Expenditure CC	0	134,441	134,441
4,700	(4,700)	0	Movement from Reserves to General Fund	6,401	(6,401)	0
(394,424)	94,683	(299,741)	Other Income and Expenditure	(403,119)	113,109	(290,010)
18,406	210,653	229,059	(Surplus) or Deficit	14,504	500,865	515,369
91,106	Opening General Fund Balance			72,700		
(18,406)	Less/Plus Surplus or (Deficit) on General Fund Balance in Year			(14,504)		
72,700	Closing General Fund Balance at 31st March			58,196		

Note to the Expenditure and Funding Analysis Police and Crime Commissioner Group

2017/18				Adjustments Between Funding and Accounting Basis	2018/19			
Adjustments for Capital Purposes £000	Net Change in the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000		Adjustments for Capital Purposes £000	Net Change in the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
0	20,860	549	21,409	Policing District West	0	95,660	(1,617)	94,043
0	20,610	542	21,152	Policing District East	0	91,980	(1,540)	90,440
0	8,802	231	9,033	Policing Specialist Operations	0	44,150	(714)	43,436
0	3,978	105	4,083	Policing Specialist Crime	0	18,396	(321)	18,075
0	3,049	80	3,129	Regional Policing	0	14,717	(259)	14,458
12,290	4,868	128	17,286	National Policing	11,011	25,755	(414)	36,352
31,742	1,664	44	33,450	Finance and Business Services	19,940	11,038	(171)	30,807
(9,114)	14,753	475	6,114	Corporate and Central Services CC	(5,380)	66,226	(1,107)	59,739
0	280	34	314	Corporate and Central Services PCC	0	488	(82)	406
34,918	78,864	2,188	115,970	Net Cost of Services	25,571	368,410	(6,225)	387,756
(39,117)	133,957	(157)	94,683	Other income and expenditure from the Expenditure and Funding Analysis	(22,422)	134,518	1,013	113,109
(4,199)	212,821	2,031	210,653	Difference Between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services	3,149	502,928	(5,212)	500,865

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

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.

Usable Reserves	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves
	£'000	£'000	£'000	£'000
The following adjustments are for 2017/18				
Adjustments to the Revenue Resources				
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)	(363)	0	0	(363)
Financial instruments (to or from FIAA)	(9)	0	0	(9)
Council tax and NDR (to or from the Collection Fund AA)	157	0	0	157
Officer remuneration (to or from the Accumulated Absences AA) PCC	(34)	0	0	(34)
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)	(26,896)	0	509	(26,387)
Total Amendments to Revenue Resources PCC and GROUP	(27,145)	0	509	(26,636)
Pension costs (to or from the Pensions Reserve)	(212,458)	0	0	(212,458)
Officer remuneration (to or from the Accumulated Absences AA)	(2,154)	0	0	(2,154)
Total Amendments to Revenue Resources CC and GROUP	(214,612)	0	0	(214,612)
Total Amendments to Revenue Resources GROUP	(241,757)	0	509	(241,248)
Adjustments to the Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	15,104	(15,104)	0	0
Statutory provision for the repayment of debt (from the Capital AA)	5,635	0	0	5,635
Capital expenditure financed from revenue balances (to the Capital AA)	10,364	0	0	10,364
Adjustments to the Revenue and Capital Resources PCC and GROUP	31,103	(15,104)	0	15,999
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	11,841	0	11,841
Total Adjustments to Capital Resources PCC and GROUP	0	11,841	0	11,841
Total Adjustments PCC	3,958	(3,263)	509	1,204
Total Adjustments CC	(214,612)	0	0	(214,612)
Total Adjustments GROUP	(210,654)	(3,263)	509	(213,408)

Usable Reserves	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves
	£'000	£'000	£'000	£'000
The following adjustments are for 2018/19				
Adjustments to the Revenue Resources				
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)	(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)	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)
Total Amendments to Revenue Resources PCC and GROUP	(19,385)	0	(1,017)	(20,402)
Pension costs (to or from the Pensions Reserve)	(502,362)	0	0	(502,362)
Officer remuneration (to or from the Accumulated Absences AA)	6,143	0	0	6,143
Total Amendments to Revenue Resources CC and GROUP	(496,219)	0	0	(496,219)
Total Amendments to Revenue Resources GROUP	(515,604)	0	(1,017)	(516,621)
Adjustments to the Revenue and Capital Resources				
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
Adjustments to the Revenue and Capital Resources PCC and GROUP	14,738	(770)	0	13,968
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	5,020	0	5,020
Total Adjustments to Capital Resources PCC and GROUP	0	5,020	0	5,020
Total Adjustments PCC	(4,647)	4,250	(1,017)	(1,414)
Total Adjustments CC	(496,219)	0	0	(496,219)
Total Adjustments GROUP	(500,866)	4,250	(1,017)	(497,633)

Note 6 – MOVEMENTS IN EARMARKED RESERVES

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 2018/19.

	Balance at 1 April 2017 £000	Transfer Out 2017/18 £000	Transfer In 2017/18 £000	Balance at 31 March 2018 £000	Transfer Out 2018/19 £000	Transfer In 2018/19 £000	Balance at 31 March 2019 £000
Devolution Reserve	4,100	(3,013)	0	1,087	(2,705)	1,618	0
VIPER Reserve	4,214	0	424	4,638	0	442	5,080
PFI Reserve	13,037	0	1,015	14,052	(3,300)	809	11,561
Regional Working Reserve	198	0	1,000	1,198	(1,000)	625	823
Dilapidation Reserve	2650	0	0	2,650	(1,000)	0	1,650
Capital Financing Reserve	16594	0	0	16,594	(16,594)	0	0
PNLD Reserve	213	0	178	391	0	193	584
Organisational Change Fund	5900	0	0	5,900	(6,737)	18,160	17,323
Insurance Reserve	2400	0	0	2,400	(2,400)	0	0
Community Safety Fund	0	(621)	1,000	379	0	1,065	1,444
Partnership Executive Group	265	(858)	1,000	407	(815)	1,000	592
Innovation, Income Generation and Investment	250	0	0	250	(250)	0	0
Force Transformation	7,015	(4,709)	0	2,306	(2,306)	0	0
Operational Reserve	5,000	0	0	5,000	(1,464)	0	3,536
Wellbeing Reserve	0	0	0	0	(69)	420	351
Total	61,837	(9,201)	4,617	57,253	(38,640)	24,332	42,945

Note 7 – OTHER OPERATING EXPENDITURE

2017/18 £000		2018/19 £000
(27)	Flexible Attachments	(12)
(1,998)	(Gains) / losses on the disposal of non-current assets	4
82,009	Police Pension Top up Grant	90,268
79,984	Total	90,260

Note 8 – FINANCING AND INVESTING INCOME AND EXPENDITURE

2017/18 £000		2018/19 £000
10,780	Interest payable and similar charges	10,658
(460)	Interest receivable and similar income	(626)
0	Net (gains)/losses on financial assets at fair value through profit and loss	(210)
82	Pensions net interest cost expense PCC	77
10,402	Sub-total PCC	9,899
133,875	Pensions net interest cost expense CC	134,441
144,277	Total Group	144,340

Note 9 – TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE

2017/18 £000		2018/19 £000
	Council tax income:	
(20,707)	Bradford Metropolitan District Council	(22,713)
(9,242)	Calderdale Council	(10,048)
(17,563)	Kirklees Council	(19,122)
(33,558)	Leeds City Council	(36,550)
(15,181)	Wakefield Metropolitan District Council	(16,560)
(127,500)	Non domestic rates	(127,500)
(169,131)	Police Grant	(169,131)
(16,693)	Revenue Support Grant	(16,693)
(82,009)	Police Pension Top Up Grant	(90,269)
(19,941)	Capital grants and contributions	(4,713)
(12,478)	Capital grants and contributions NPAS	(11,311)
(524,003)	Total	(524,610)

Note 10 – EXPENDITURE AND INCOME ANALYSED BY NATURE

Expenditure and Income Analysed by Nature		
GROUP	2018/19 £000	2017/18 £000
Expenditure		
Employee benefits expenses	790,843	497,255
Premises related expenditure	29,119	31,358
Supplies and services	69,015	64,524
Transport related expenditure	28,747	27,749
Other service expenses	230,398	220,502
Depreciation, amortisation, impairment	33,138	46,208
Interest payments	10,658	10,781
Gain on the disposal of assets	3	(1,998)
Total expenditure	1,191,921	896,379
Income		
Fees, charges and other service income	(151,316)	(142,858)
Interest and investment income	(626)	(460)
Income from precepts, non-domestic rates	(232,493)	(223,751)
Government grants and contributions	(292,117)	(300,252)
Total income	(676,552)	(667,321)
Surplus or Deficit on the Provision of Services	515,369	229,058

Expenditure and Income Analysed by Nature		
PCC	2018/19 £000	2017/18 £000
Expenditure		
Employee benefits expenses	2,861	2,634
Premises related expenditure	332	164
Supplies and services	9,280	8,946
Transport related expenditure	77	60
Other service expenses	58,573	37,408
Depreciation, amortisation, impairment	33,138	46,208
Interest payments	10,658	10,781
Gain on the disposal of assets	3	(1,998)
Intra Group Funding	580,779	577,563
Total expenditure	695,701	681,766
Income		
Fees, charges and other service income	(151,316)	(142,858)
Interest and investment income	(626)	(460)
Income from precepts, non-domestic rates	(232,493)	(223,751)
Government grants and contributions	(292,117)	(300,252)
Total income	(676,552)	(667,321)
Surplus or Deficit on the Provision of Services	19,149	14,445

Note 11 – PROPERTY, PLANT AND EQUIPMENT

Movements in 2018/19	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	NPAS Helicopters	NPAS Equipment	PFI Land and Buildings	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
COST OR VALUATION							
At 1 April 2018	111,990	63,458	10,572	38,559	35,062	72,293	331,934
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)
De-recognition - disposals	0	(7,692)	0	0	(3,209)	0	(10,901)
Assets reclassified (to)/from Held for Sale	(988)	0	0	0	0	0	(988)
Assets reclassified from Assets Under Construction	0	0	0	0	0	0	0
At 31 March 2019	119,551	64,083	14,608	25,452	38,509	78,574	340,777
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 April 2018	(11,604)	(28,371)	0	(19,628)	(10,790)	(6,107)	(75,500)
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	(5,185)	(655)	0	0	(22)	0	(5,862)
Downward revaluation taken to Revaluation Reserve	0	0	0	0	0	0	0
De-recognition - disposals	0	7,692	0	0	3,209	0	10,901
At 31 March 2019	(15,912)	(31,992)	0	(101)	(13,722)	(1)	(61,727)
NET BOOK VALUE							
At 31 March 2018	100,386	35,087	10,572	18,931	24,273	66,186	255,435
At 31 March 2019	103,639	32,091	14,608	25,351	24,788	78,573	279,050

Comparator Year: Movements in 2017/18	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	NPAS Assets	NPAS Equipment	PFI Land and Buildings	Total property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
COST OR VALUATION							
Restated							
At 1 April 2017	115,919	54,504	7,292	43,393	28,227	72,293	321,628
Additions	26,302	16,006	3,280	0	7,779	0	53,367
Revaluation increases/(decreases) in the Revaluation Reserve	(4,879)	0	0	0	0	0	(4,879)
Revaluation increases/(decreases) in the CIES	(12,223)	0	0	0	0	0	(12,223)
De-recognition - disposals	0	(7,052)	0	(4,834)	(465)	0	(12,351)
Assets reclassified (to)/from Held for Sale	(13,129)	0	0	0	0	0	(13,129)
Assets reclassified from Assets Under Construction	0	0	0	0	0	0	0
At 31 March 2018	111,990	63,458	10,572	38,559	35,541	72,293	332,413
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 April 2017	(9,456)	(26,308)	0	(17,356)	(6,549)	(4,596)	(64,265)
Depreciation charge	(3,208)	(8,708)	0	(4,180)	(4,707)	(1,511)	(22,314)
Depreciation written out to the Revaluation Reserve	7,436	0	0	0	0	0	7,436
Impairment (losses)/reversals recognised in the CIES	(6,459)	(407)	0	(2,926)	(477)	0	(10,269)
Downward revaluation taken to Revaluation Reserve	83	0	0	0	0	0	83
De-recognition - disposals	0	7,052	0	4,834	465	0	12,351
At 31 March 2018	(11,604)	(28,371)	0	(19,628)	(11,268)	(6,107)	(76,978)
NET BOOK VALUE							
At 31 March 2017	106,463	28,196	7,292	26,037	21,678	67,697	257,363
At 31 March 2018	100,386	35,087	10,572	18,931	24,273	66,186	255,435

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 2018, the 18/19 budgeted capital costs is £4.6m. The major commitments are:

- NPAS London Base Replacement £1.7m
- NPAS NVIS Operations Transition £0.6m
- Agile Working £0.4m
- Unit A Roofing £0.3m
- Security Works £0.2m
- Vehicle Replacement £0.1m

REVALUATIONS

The PCC and Group carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every 5 years. 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 vehicles, IT and equipment and 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.

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.

Valuations were carried out on 31 March 2019 as follows:

Properties:

By RICS Qualified external valuers from Carter Jonas, Leeds in accordance with CIPFA's IFRS Code of Practice 2018/19. Land and Buildings were valued as at 31 March 2019, with a total value of £112m. The previous valuation of these properties was £103m.

Vehicles - By the Force Fleet Policy and Liaison Manager

Information Technology, Communications and Other - By Head of IT Support

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 Assets £'000	PFI Assets £'000	Total property, Plant and Equipment £'000
Carried at historical cost	14	14,608	32,091	50,139	0	96,852
Valued at current value as at:						
31 March 2019	33,484	0	0	0	78,572	112,056
31 March 2018	9,000	0	0	0	0	9,000
31 March 2017	35,463	0	0	0	0	35,463
31 March 2016	15,535	0	0	0	0	15,535
31 March 2015	10,143	0	0	0	0	10,143
31 March 2014	0	0	0	0	0	0
Total Cost or Valuation	103,639	14,608	32,091	50,139	78,572	279,049

The number of physical assets as at the Balance Sheet date:

	31 March 2019	31 March 2018
Estates:		
Police stations	32	34
Other premises	50	52
Houses	5	7
	87	93
Vehicles	1,183	1,130
Helicopters	19	19

IMPAIRMENTS

During 2018/19, the PCC and Group has recognised a total impairment loss of £4.8m across a number of properties in its estate.

ASSETS HELD FOR SALE

	Current		Non-Current	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Balance outstanding at start of year	98	75	0	0
Revaluation increase/(decrease) in the CIES	241	83	0	0
Assets newly classified as held for sale:				
Property, Plant and Equipment	747	13,046	0	0
Assets declassified as held for sale:				
Property, Plant and Equipment	0	0	0	0
Assets sold				
Property, Plant and Equipment	(774)	(13,106)	0	0
Balance outstanding at year-end	312	98	0	0

INTANGIBLE ASSETS

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:

	2018/19		2017/18	
	Other Assets £000	Total £000	Other Assets £000	Total £000
Balance at start of the year				
- Gross carrying amounts	8,776	8,776	7,020	7,020
- Accumulated amortisation	(2,659)	(2,659)	(1,266)	(1,266)
Net carrying amount at start of year	6,117	6,117	5,754	5,754
Additions:				
- Purchases	5,279	5,279	1,766	1,766
Impairment losses recognised in the CIES	(41)	(41)	(10)	(10)
Amortisation for the Period	(1,699)	(1,699)	(1,393)	(1,393)
Net carrying amount at the end of year	9,656	9,656	6,117	6,117
Comprising:				
- Gross Carrying amounts	14,055	14,055	8,776	8,786
- Accumulated amortisation	(4,399)	(4,399)	(2,659)	(2,659)
	9,656	9,656	6,117	6,117

Note 12 – FINANCIAL INSTRUMENTS**Categories of Financial Instruments**

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

	Long-Term		Current	
	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000
Financial Assets at Amortised Cost				
Investments	0	0	52,963	73,215
Cash held by the Group	0	0	69	73
Cash equivalents	0	0	4,651	3,830
Total Investments	0	0	57,683	77,118
Debtors	0	0	17,408	28,746
Total Debtors	0	0	17,408	28,746
Financial Liabilities at Amortised Cost				
Borrowings	(85,532)	(86,021)	(16,461)	(14,896)
Bank Overdraft	0	0	0	(94)
Total Borrowings	(85,532)	(86,021)	(16,461)	(14,990)
Other Long Term Liabilities				
Private Finance Initiative	(90,227)	(92,610)	(2,383)	(2,187)
Total Other Long Term Liabilities	(90,227)	(92,610)	(2,383)	(2,187)
Creditors	0	0	(7,313)	(5,289)
Total Creditors	0	0	(7,313)	(5,289)

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:

	2018/19			2017/18		
	Financial Liabilities measured at amortised cost £'000	Financial Assets measured at FVPL £'000	Total £'000	Financial Liabilities measured at amortised cost £'000	Financial Assets Loans and Receivables £'000	Total £'000
Net (gain)/loss on financial assets at FVPL	0	(210)	(210)	0	0	0
Interest expense	10,652	0	10,652	10,769	0	10,769
Impairment losses (gain)	0	0	0	0	0	0
Exchange rate loss on investment	0	0	0	0	0	0
Fee expense	6	0	6	11	0	11
Total expense in Surplus or Deficit on the Provision of Services	10,658	(210)	10,448	10,780	0	10,780
Interest income	(626)	0	(626)	0	(460)	(460)
Total income in Surplus or Deficit on the Provision of Services	(626)	0	(626)	0	(460)	(460)
Net (gain)/loss for the year	10,032	(210)	9,822	10,780	(460)	10,320

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.

The fair values calculated are as follows:

	31 March 2019		31 March 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
PWLB debt	78,961	109,938	79,386	130,391
Non-PWLB debt	23,032	27,111	21,530	30,039
Total debt	101,993	137,049	100,917	160,430
Trade creditors	7,313	7,313	5,289	5,289
Total Financial Liabilities	109,306	144,362	106,206	165,719

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 2019		31 March 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Money market loans < 1 year	52,963	52,963	73,215	73,189
Money market loans > 1 year	0	0	0	0
Total loans and receivables	52,963	52,963	73,215	73,189
Trade debtors	17,408	17,408	28,746	28,746
Total loans and receivables	70,371	70,371	101,961	101,935

Note 13 – INVENTORIES

2018/19	Opening Balance	Purchases	Expense in Year	Write Offs	Closing Balance
	£000	£000	£000	£000	£000
Clothing	1,933	2,167	(2,432)	0	1,668
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	2,603

2017/18	Opening Balance £000	Purchases £000	Expense in Year £000	Write Offs £000	Closing Balance £000
Clothing	1,342	3,200	(2,589)	(21)	1,933
Police Support Unit	221	152	(197)	0	176
Fuel	199	356	(335)	0	220
IT	63	1,959	(1,931)	0	91
Other	183	64	(44)	(17)	186
NPAS Fuel	105	1,867	(1,865)	0	107
	2,113	7,598	(6,961)	(38)	2,713

Note 14 – DEBTORS

	31 March 2019 £000	31 March 2018 £000
Central government bodies	40,554	37,578
Local authorities	1,339	1,695
Police forces	19,171	20,052
Other entities and individuals	16,842	21,658
Total current debtors	77,906	80,983
Long term debtors	6,399	8,868
Total debtors	84,305	89,851

Note 15 – CASH AND CASH EQUIVALENTS

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

	31 March 2019 £000	31 March 2018 £000
Cash held by the Group	69	73
Short-term deposits with banks	12,951	3,830
Total	13,020	3,903
Bank current accounts	(8,300)	(94)
Total Cash and Cash Equivalents	4,720	3,809

Note 16 – CREDITORS

	31 March 2019 £000	31 March 2018 £000
Central government bodies	14,078	11,882
Local authorities	7,040	8,581
Police forces	6,904	8,131
Other entities and individuals PCC	43,403	57,367
Current creditors PCC and GROUP	71,425	85,961
Other entities and individuals CC	(41)	123
Current creditors PCC and GROUP	(41)	123
Total current creditors GROUP	71,384	86,084
Long term creditors PCC and GROUP	6,399	8,868
Total creditors Group	77,783	94,952

Note 17 – PROVISIONS

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

	Outstanding Legal Cases £000	Injury and Damage Compensation Claims £000	Insurance £000	Other Provisions £000	Total £000
Balance at 1 April 2017	2,999	282	2,692	1,290	7,263
Additional provisions made in 2017/18	12	874	(597)	14	303
Amounts used in 2017/18	(1,924)	(1,121)	(435)	(258)	(3,738)
Balance at 31 March 2018	1,087	35	1,660	1,046	3,828

Outstanding Legal Cases

The amount provided of £1.335m in respect of outstanding legal claims is made up of £0.178m for employment tribunals and £0.495m for litigated insurance claims, and £0.662m 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 £562k 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

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

31 March 2018 £000		31 March 2019 £000
15,446	General Fund Balance	15,251
1,457	Capital Grants Unapplied Account	2,474
9,872	Capital Receipts Reserve	5,622
	Earmarked Reserves:	
1,087	Devovement Reserve	0
4,638	Viper Reserve	5,080
14,052	PFI Reserve	11,561
1,198	Regional Working Reserve	823
2,650	Dilapidations Reserve	1,650
16,594	Capital Financing Reserve	0
391	PNLD Reserve	584
5,900	Organisational Change Fund	17,323
2,400	Insurance Reserve	0
379	Community Safety Fund	1,444
407	Partnership Executive Group	592
250	Innovation, Income Generation and Investment	0
2,306	Force Transformation	0
5,000	Operational Reserve	3,536
0	Wellbeing Reserve	351
84,028	Total Usable Reserves	66,292

Note 19 – UNUSABLE RESERVES

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 2018 £000		31 March 2019 £000
32,782	Revaluation Reserve	63,485
39,420	Capital Adjustment Account	40,609
(345)	Financial Instruments Adjustment Account	(347)
1,565	Collection Fund Adjustment Account	552
(5,104)	Pensions Reserve PCC	(5,874)
(123)	Accumulated Absences Adjustment Account PCC	(41)
68,195	Total Unusable Reserves PCC and GROUP	98,384
(5,062,520)	Pensions Reserve CC	(5,788,692)
(20,582)	Accumulated Absences Adjustment Account CC	(14,439)
(5,083,102)	Total Unusable Reserves CC and GROUP	(5,803,130)
(5,014,907)	Total Unusable Reserves GROUP	(5,704,746)

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.

2017/18 £000	Revaluation Reserve	2018/19 £000
36,412	Balance at 1 April	32,782
2,639	Revaluation of Assets	31,807
0	Impairment losses not charged to the Surplus/Deficit on the Provision of Services	0
2,639	Surplus on revaluation of non-current assets not charged to the Surplus/Deficit on the Provision of Services	31,807
(5,149)	Amount written off on disposal	(195)
(1,120)	Difference between fair value depreciation and historical cost depreciation	(909)
(6,269)	Amount written off to the Capital Adjustment Account	(1,104)
32,782	Balance at 31 March	63,485

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.

2017/18 £000	Capital Adjustment Account	2018/19 £000
31,698	Balance at 1 April	39,421
	Reversal of items relating to capital expenditure debited or credited to the CIES:	
(22,314)	Charges for depreciation of non-current assets	(24,262)
(22,502)	Charges for impairment of non-current assets	(7,176)
(1,393)	Amortisation of intangible assets	(1,699)
(13,106)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(774)
(59,315)		(33,911)
6,269	Adjusting amounts written out of the Revaluation Reserve	1,104
(53,046)	Net written out amount of the cost of non-current assets consumed in the year	(32,807)
	Capital financing applied in the year:	
11,841	Use of the Capital Receipts Reserve to finance new capital expenditure	5,020
19,941	Capital grants and contributions credited to the CIES that have been applied to capital financing	4,713
12,478	Capital grants and contributions credited to the CIES that have been applied to capital financing NPAS	11,311
509	Application of grants to capital financing from the Capital Grants Unapplied Account	(1,017)
5,635	Statutory provision for the financing of capital investment charged against the Police Fund	4,522
10,364	Capital expenditure charged against the Police Fund Balance	9,446
60,768		33,995
39,421	Balance at 31 March	40,609

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.

2017/18 £000	Financial Instruments Adjustment Account	2018/19 £000
(1,133)	Premiums on repayment of loans	(1,195)
797	Discounts on repayment of loans	850
(336)	Balance at 1 April	(345)
	Movement during the year:	
(62)	Premiums amortised to Police Fund during year	(35)
53	Discounts amortised to Police Fund during year	33
(9)	Amount by which finance costs charged to the CIES different from finance costs chargeable in the year in accordance with statutory requirements	(2)
(1,195)	Premiums on loans c/fwd	(1,230)
850	Discounts on loans c/fwd	883
(345)	Balance at 31 March	(347)

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.

2017/18 £000	Collection Fund Adjustment Account	2018/19 £000
1,406	Balance at 1 April	1,563
157	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	(1,012)
1,563	Balance at 31 March	551

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.

2017/18 £000	Pensions Reserve GROUP	2018/19 £000
(5,422,508)	Balance at 1 April	(5,067,624)
567,705	Actuarial gains or losses on pensions assets and liabilities	(224,014)
(276,319)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(567,693)
63,498	Employer's pensions contributions and direct payments to pensioners payable in the year	64,765
(5,067,624)	Balance at 31 March	(5,794,566)

2017/18 £000	Pensions Reserve Police and Crime Commissioner	2018/19 £000
(4,778)	Balance at 1 April	(5,104)
37	Actuarial gains or losses on pensions assets and liabilities	(205)
(591)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(761)
228	Employer's pensions contributions and direct payments to pensioners payable in the year	196
(5,104)	Balance at 31 March	(5,874)

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.

2017/18 £000	GROUP	2018/19 £000
(18,517)	Balance at 1 April	(20,705)
(2,188)	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	6,225
(20,705)	Balance at 31 March	(14,480)

2017/18 £000	PCC	2018/19 £000
(89)	Balance at 1 April	(123)
(34)	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	82
(123)	Balance at 31 March	(41)

Note 20 – CASHFLOW STATEMENT – OPERATING ACTIVITIES

2017/18 £000		2018/19 £000
(229,058)	Surplus / (Deficit) for the year	(515,369)
1,393	Amortisation of intangible fixed assets	1,699
44,816	Depreciation and impairment of fixed assets	31,437
(20,450)	Capital & Grant Contribution	(3,697)
(12,478)	Capital & Grant Contribution NPAS	(11,311)
363	Pensions PCC	566
212,458	Pensions CC	502,362
(3,435)	Provisions set aside in year	1,286
(600)	(Increase) / decrease in stock	110
752	(Increase) / decrease in debtors	5,546
10,123	Increase / (Decrease) in creditors	(17,171)
13,106	Carrying amount of non-current asset sold	774
(15,104)	Proceeds from sale of property, plant & equipment	(771)
10,769	Interest paid	10,652
(460)	Interest received	(626)
12,195	Net cash flows from operating activities	5,487

Note 21 – CASHFLOW STATEMENT – INVESTING ACTIVITIES

2017/18 £000		2018/19 £000
55,132	Purchase of property, plant and equipment, investment property and intangible assets	29,473
265,181	Purchase of short-term and long-term investments	292,963
(15,104)	Proceeds from sale of property, plant and equipment, investment property and intangible assets	(771)
(267,500)	Proceeds from short-term and long-term investments	(313,215)
(20,450)	Capital Grants	(3,697)
(12,478)	Capital Grants NPAS	(11,311)
(460)	Interest received	(626)
4,321	Net cash flows from investing activities	(7,184)

Note 22 – CASHFLOW STATEMENT – FINANCING ACTIVITIES

2017/18 £000		2018/19 £000
(302,601)	Cash receipts of short- and long-term borrowing	(295,285)
302,610	Repayments of short- and long-term borrowing	294,207
2,176	Cash payments for the reduction of the outstanding liabilities relating to PFI contracts	2,187
10,769	Other payments for financing activities	10,652
12,954	Net cash flows from financing activities	11,761

Note 23 – MEMBERS ALLOWANCES

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

	2018/19 £000	2017/18 £000
Allowances	14	13
Expenses	0	0
Total	14	13

Note 24 – OFFICER REMUNERATION

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

PCC 2018/19		Salary, Fees and Allowances	Pension Contribution	Total
		£	£	£
Police and Crime Commissioner	01.04.18- 31.03.19	100,000	12,431	112,431
Deputy Police and Crime Commissioner	01.04.18- 31.03.19	36,776	8,108	44,884
Chief Executive and Solicitor*	01.04.18- 31.03.19	13,166	1,633	14,799
Interim Chief Executive *	01.04.18- 31.03.19	102,386	12,734	115,120
Treasurer and Chief Finance Officer PCC	01.04.18- 31.03.19	92,947	11,666	104,613
CC 2018/19				
Dee Collins Chief Constable **	01.04.18 - 02.12.18	129,703	0	129,703
John Robins Temporary Chief Constable	03.12.18 - 31.03.19	53,064	11,621	64,685
John Robins Deputy Chief Constable	01.04.18 - 02.12.18	103,352	23,242	126,594
Temporary Deputy Chief Constable	03.12.18 - 31.03.19	42,484	9,079	51,563
Temporary Assistant Chief Constable	03.12.18 - 31.03.19	33,431	7,248	40,679
Assistant Chief Constable (Protective Services - Crime)	01.04.18 - 02.12.18	83,417	18,158	101,575
Assistant Chief Constable (People Directorate)	01.04.18- 31.03.19	120,011	27,236	147,247
Assistant Chief Constable (Protective Services Ops)	01.04.18 - 20.05.18	19,451	3,691	23,142
Assistant Chief Constable (Protective Services Ops)	14.05.18 - 31.03.19	97,500	22,054	119,554
Assistant Chief Constable (District Policing)	01.04.18- 31.03.19	114,362	26,464	140,826
Assistant Chief Officer (Finance & Business Services) and Chief Finance Officer CC	01.04.18- 31.03.19	117,384	13,956	131,340
TOTAL GROUP		1,259,434	209,321	1,468,755

* The substantive post holder for the Chief Executive and Solicitor role has been on a flexible attachment to North Yorkshire OPCC during the whole of 2018/19 for 90% of his time. The above figure reflects the proportion of remuneration that is not recharged to North Yorkshire OPCC. The Interim Chief Executive post holder is included in the table above.

** The Chief Constable participated in a flexible attachment out of force, from 3rd December 2018 to the end of the financial year. During this time there was a Temporary Chief Constable.

Statement of Accounts 2018/19

		Salary, Fees and Allowances	Pension Contribution	Total
		£	£	£
PCC 2017/18				
Police and Crime Commissioner	01.04.17-31.03.18	100,000	12,400	112,400
Deputy Police and Crime Commissioner	01.04.17-31.03.18	58,977	7,313	66,290
Chief Executive and Solicitor*	01.04.17 - 31.03.18	12,688	1,573	14,261
Interim Chief Executive *	02.10.17 - 31.03.18	49,731	6,167	55,898
Treasurer and Chief Finance Officer PCC	01.04.17-31.03.18	90,666	11,243	101,909

CC 2017/18

Dee Collins Chief Constable	01.04.17-31.03.18	187,976	17,770	205,746
John Robins Deputy Chief Constable	01.04.17-31.03.18	157,094	36,084	193,178
Temporary Assistant Chief Constable (District Policing/ People)	01.04.17-31.03.18	115,552	26,294	141,846
Assistant Chief Constable (Protective Services - Crime)	01.04.17-31.03.18	117,138	26,811	143,949
Assistant Chief Constable (Protective Services Ops)	01.04.17-12.05.17	16,481	0	16,481
Assistant Chief Constable (District Policing)	29.05.17-31.03.18	88,400	20,772	109,172
Assistant Chief Constable (Partnerships and Programme of Change/ Protective Service Ops)	01.04.17-31.03.18	129,570	29,447	159,017
Assistant Chief Officer (Finance & Business Services) and Chief Finance Officer CC	01.04.17-31.03.18	115,362	13,749	129,111
TOTAL GROUP		1,239,635	209,623	1,449,258

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	
	2018/19	2017/18
£50,000 - £54,999	33	29
£55,000 - £59,999	45	50
£60,000 - £64,999	43	33
£65,000 - £69,999	22	16
£70,000 - £74,999	6	6
£75,000 - £79,999	3	2

GROUP Remuneration Band	Number of Employees	
	2018/19	2017/18
£80,000 - £84,999	5	7
£85,000 - £89,999	8	12
£90,000 - £94,999	9	3
£95,000 - £99,999	4	1
£100,000 - £104,999	1	1
£105,000 - £110,999	1	1

PCC Remuneration Band	Number of Employees	
	2018/19	2017/18
£55,000 - £59,999	1	1
£65,000 - £69,999	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	Compulsory Redundancies	Other Departures	Total	Exit Packages	Compulsory Redundancies	Other Departures	Total
2018/2019	£	£	£	2018/2019	No	No	No
£0-£20,000	86,226	76,499	162,725	£0-£20,000	8	11	19
£20,001-£40,000	26,448	220,050	246,498	£20,001-£40,000	1	7	8
£40,001-£60,000	0	236,983	236,983	£40,001-£60,000	0	5	5
£60,001-£80,000	0	146,514	146,514	£60,001-£80,000	0	2	2
£80,001-£100,000	162,706	0	162,706	£80,001-£100,000	2	0	2
£100,001-£150,000	145,298	0	145,298	£100,001-£150,000	1	0	1
£200,001-£250,000	0	0	0	£200,001-£250,000	0	0	0
	420,678	680,046	1,100,724		12	25	37

2017/2018	£	£	£	2017/2018	No	No	No
£0-£20,000	20,767	405,248	426,015	£0-£20,000	1	31	32
£20,001-£40,000	0	655,332	655,332	£20,001-£40,000	0	22	22
£40,001-£60,000	0	1,379,805	1,379,805	£40,001-£60,000	0	28	28
£60,001-£80,000	0	620,864	620,864	£60,001-£80,000	0	9	9
£80,001-£100,000	0	276,086	276,086	£80,001-£100,000	0	3	3
£100,001-£150,000	124,591	490,434	615,025	£100,001-£150,000	1	4	5
£200,001-£250,000	0	169,180	169,180	£200,001-£250,000	0	1	1
	145,358	3,996,949	4,142,307		2	98	100

The Group terminated the contracts of a number of employees in 2018/19, incurring liabilities of £0.74m (£2.5m in 2017/18). Severance payments totalling £0.42m were identified as being due in the early part of 2019/20 (£2.1m in 2018/19) and were accrued in the Comprehensive Income and Expenditure Statement.

Note 25 – EXTERNAL AUDIT COSTS

The Group has incurred the following costs in relation to the audit of the Statement of Accounts and certification of grant claims and non-audit services provided by the Group's external auditors.

	2018/19 £000	2017/18 £000
Fees payable to Grant Thornton with regard to external audit services for the Police and Crime Commissioner	32	0
Fees payable to KPMG with regard to external audit services for the Police and Crime Commissioner	0	42
Fees payable to Grant Thornton with regard to external audit services for the Chief Constable	17	0
Fees payable to KPMG with regard to external audit services for the Chief Constable	0	22
Total Group	49	64

Note 26 – GRANT INCOME

The PCC and Group credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2018/19.

	2018/19 £000	2017/18 £000
Credited to Taxation and Non Specific Grant Income		
Precept	104,993	96,251
Principal Grant	169,131	169,131
National Non Domestic Rates	127,500	127,500
Council Tax Benefit Grant	14,467	14,467
Precept Freeze Grant	2,226	2,226
Pensions Top Up Grant	90,269	82,009
Capital Grants	4,713	19,941
Capital Grants NPAS	11,311	12,478
Total	524,610	524,003
Credited to Services		
Counter Terrorist Unit	30,422	29,014
Loan Charges Grant	292	508
Incentivisation	1,307	903
PCSO Partners	1,096	478
PFI Grant Income	12,329	12,329
Regional Crime	7,926	7,385
Casualty Reduction	3,542	4,054
Victim Support Grant	3,283	2,441
Other	5,907	4,001
Total	66,105	61,113

Note 27 – RELATED PARTIES

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.

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 2018/19.

Note 28 – CAPITAL EXPENDITURE AND CAPITAL FINANCING

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.

	2018/19 £000	2017/18 £000
Opening Capital Financing Requirement	189,445	195,081
Capital investment		
Property, Plant and Equipment	24,194	53,366
Intangible Assets	5,279	1,766
Sources of finance		
Capital Receipts	(5,020)	(11,841)
Government grants and other contributions	(3,696)	(20,450)
Government grants and other contributions NPAS	(11,311)	(12,478)
Sums set aside from revenue:		
Financing from Reserves	(6,401)	(4,709)
Direct revenue contributions	(3,045)	(5,655)
Minimum revenue provision	(4,522)	(5,635)
Closing Capital Financing Requirement (CFR)	184,923	189,445
Explanation of movements in year		
Increase in underlying need to borrowing (supported)	0	0
Provision for Debt Repayment (MRP)	(4,522)	(5,635)
Assets acquired under PFI contract	0	0
Increase in underlying need to borrowing (unsupported)	0	0
Increase/(decrease) in Capital Financing Requirement (CFR)	(4,522)	(5,635)

Note 29 – LEASES

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.

	2018/19 £000	2017/18 £000
Land and Buildings (PPE)	9,722	9,781
PFI Infrastructure (PPE)	78,573	66,186
Total	88,295	75,967

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:

	2018/19 £000	2017/18 £000
Finance lease liabilities (net present value of minimum lease payments)		
Current	2,383	2,187
Non-current	90,227	92,610
Finance costs payable in future years	83,903	90,705
Minimum lease payments	176,513	185,502

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

	Minimum Lease Payments		Finance Lease Payments	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Not later than 1 year	9,029	8,989	2,383	2,187
Later than one year and not later than five years	35,615	36,211	10,900	10,727
Later than five years	131,870	140,302	79,326	81,883
Minimum lease payments	176,513	185,502	92,610	94,797

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into. In 2018/19 £0.9m (2017/18 £0.7m) 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:

	2018/19 £000	2017/18 £000
No later than one year	267	123
Later than one year and not later than five years	1,059	471
Later than five years	9	9
Total	1,335	603

Note 30 – PRIVATE FINANCE INITIATIVES (PFI)

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 2019 (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 19/20	2,259	247	6,645	2,383	11,534
Between 2 to 5 years	9,064	1,456	24,714	10,900	46,135
Between 6 to 10 years	11,323	2,190	25,940	18,216	57,669
Between 11 to 15 years	11,323	3,017	18,449	24,880	57,669
Between 16 to 20 years	11,456	1,797	8,153	36,230	57,637
Payable in 21 years	0	0	0	0	0
Total	45,425	8,707	83,903	92,610	230,644

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:

	2018/19 £000	2017/18 £000
Balance outstanding at start of year	94,797	96,973
Capital expenditure incurred in the year	0	0
Payments during the year	(2,187)	(2,176)
Balance Outstanding at year-end	92,610	94,797
Current liabilities	2,383	2,187
Long Term Liabilities	90,227	92,610
Total Liability	92,610	94,797

Financial transactions in the year have been as follows:

	2018/19 £000	2017/18 £000
Financial transactions in the year have been as follows:-		
PFI grant receipts (in advance)	(12,329)	(12,329)
PFI grant applied	11,827	11,792
Balance contributed to PFI reserve	(502)	(537)
Unitary charge	12,436	12,218
Penalties imposed/(Compensation)	(609)	(426)
Total Payment	11,827	11,792

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:

	2018/19 £000	2017/18 £000
The unitary payment has been split as follows:-		
Fair value of services	1,649	1,863
Lifecycle replacement	286	111
Contingent rent	902	684
Finance lease interest charges	6,802	6,958
Lease redemption	2,187	2,176
Unitary Payment	11,826	11,792

Note 31 – DEFINED BENEFIT PENSION SCHEME

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.

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 for Group Staff employees:

- This 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, which are unfunded schemes:-

- 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.

Transactions Relating to Post-employment Benefits

A detailed explanation of the accounting arrangements for all schemes is set out in the notes to the Pension Fund Account.

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 the Comprehensive Income and Expenditure Statement 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	£000
	2018/19	2018/19	2018/19	2017/18	2017/18	2017/18
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT						
Cost of Services						
<i>Service cost comprising:</i>						
Current service costs	453	34,568	96,514	490	31,843	109,327
Past service costs	231	17,669	284,424	18	1,192	0
(Gain)/loss from settlements	0	0	0	0	0	0
<i>Finance and Investment Income and Expenditure:</i>						
Net interest expense	77	5,892	128,626	82	5,343	128,614
Pension Costs Recognised in the Provision of Services	761	58,129	509,564	591	38,378	237,941
Other Post-employment Benefits charged to the CIES						
<i>Remeasurement of the net defined benefit liability comprising:</i>						
Return on plan assets Actuarial gain/(loss)	0	0	0	0	0	0
Experience (gain)/loss on assets	(313)	(23,882)	(90,240)	(71)	(4,612)	(82,199)
Experience (gain)/loss on liabilities	(5)	(376)	0	34	2,212	(237,898)
Actuarial (gain)/loss on changes in demographic assumptions	0	0	0	0	0	56,997
Actuarial (gain)/loss on changes in financial assumptions	522	39,870	298,642	0	0	(302,205)
Pension Costs Recognised in Other Comprehensive Income and Expenditure	205	15,612	208,402	(37)	(2,400)	(565,305)
Total Pension Costs Recognised in the CIES	966	73,741	717,966	554	35,978	(327,364)
MOVEMENT IN RESERVES STATEMENT						
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(761)	(58,129)	(509,564)	(591)	(38,378)	(237,941)
Actual amount charged against the Police Fund Balance for pensions in the year:						
Employers contributions payable to scheme	193	14,755	44,328	225	14,610	43,732
Retirement benefits payable to pensioners	3	200	5,482	3	196	4,960

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

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
	2018/19	2018/19	2018/19	2017/18	2017/18	2017/18
Fair value of plan assets	11,131	688,483	0	10,558	644,697	0
Present value of the defined benefit obligation	(17,008)	(981,285)	(5,501,764)	(15,664)	(878,713)	(4,833,608)
Pension asset/(liability) recognised on the Balance Sheet	(5,876)	(292,802)	(5,501,764)	(5,106)	(234,016)	(4,833,608)

Reconciliation of the Movements in the Fair Value of Scheme Assets

	PCC	GROUP	GROUP	PCC	GROUP	GROUP
	LGPS	LGPS	POLICE PS	LGPS	LGPS	POLICE PS
	£000	£000	£000	£000	£000	£000
	2018/19	2018/19	2018/19	2017/18	2017/18	2017/18
Opening fair value of scheme assets	10,558	644,697	0	9,982	607,302	0
Interest income	220	16,808	0	246	16,002	0
<i>Remeasurements gain / (loss)</i>						
The return on plan assets, excluding the amount included in the net interest expense	313	23,882	90,240	71	4,612	82,199
Contributions from employer	193	14,755	49,810	225	14,610	48,692
Contributions from employees into the scheme	100	7,648	23,274	112	7,294	22,801
Benefits paid	(253)	(19,307)	(163,324)	(79)	(5,123)	(153,692)
Closing fair value of scheme assets	11,131	688,483	0	10,558	644,697	0

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
	2018/19	2018/19	2018/19	2017/18	2017/18	2017/18
Opening present value of scheme liabilities	(15,664)	(878,713)	(4,833,608)	(14,762)	(820,146)	(5,209,664)
Current service cost	(453)	(34,568)	(96,514)	(490)	(31,843)	(109,327)
Interest cost	(297)	(22,700)	(128,626)	(329)	(21,345)	(128,614)
Contribution from scheme participants	(100)	(7,648)	(23,274)	(112)	(7,294)	(22,801)
<i>Remeasurement (gain) and loss:</i>						
Actuarial gain/(loss) arising from changes in demographic assumptions	0	0	0	0	0	(56,997)
Actuarial gain/(loss) arising from changes in financial assumptions	(522)	(39,870)	(298,642)	0	0	302,205
Actuarial gain/(loss) on liabilities - experience	5	376	0	(34)	(2,212)	237,898
Past service costs	(231)	(17,669)	(284,424)	(18)	(1,192)	0
Benefits paid	256	19,507	163,324	82	5,319	153,692
Closing present value of scheme liabilities	(17,007)	(981,285)	(5,501,764)	(15,664)	(878,713)	(4,833,608)

Local Government Pension Scheme assets comprised:

	PCC				GROUP			
	2018/19		2017/18		2018/19		2017/18	
	£000	%	£000	%	£000	%	£000	%
Equities	8,237	74.0%	8,161	77.3%	509,477	74.0%	498,351	77.3%
Property	523	4.7%	475	4.5%	32,359	4.7%	29,011	4.5%
Government Bonds	1,247	11.2%	992	9.4%	77,110	11.2%	60,602	9.4%
Corporate Bonds	445	4.0%	391	3.7%	27,539	4.0%	23,854	3.7%
Cash	256	2.3%	190	1.8%	15,835	2.3%	11,605	1.8%
Other	423	3.8%	348	3.3%	26,162	3.8%	21,275	3.3%
Total Assets	11,131	100.0%	10,558	100.0%	688,483	100.0%	644,697	100.0%

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 Local Government Pension Scheme 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			
	LOCAL GOVERNMENT PENSION SCHEME		POLICE PENSION SCHEME	
	2018/19	2017/18	2018/19	2017/18
<i>Mortality assumptions:</i>				
<i>Longevity at 65 (staff) 60 (officers) for current pensioners:</i>				
Men	22.2	22.1	27.1	27.0
Women	25.4	25.3	29.1	29.0
<i>Longevity at 65 (staff) 60 (officers) for future pensioners:</i>				
Men	23.2	23.1	29.1	29.0
Women	27.2	27.1	31.1	31.0
Rate of Inflation CPI	2.1%	2.0%	2.2%	2.1%
Rate of increase in salaries	3.4%	3.3%	3.7%	3.6%
Rate of increase in pensions	2.1%	2.0%	2.3%	2.2%
Rate for discount rate	2.5%	2.6%	2.5%	2.7%

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			
	LOCAL GOVERNMENT PENSION SCHEME		LOCAL GOVERNMENT PENSION SCHEME		POLICE PENSION SCHEME	
	£000		£000		£000	
	2018/19		2018/19		2018/19	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	in Assumption		in Assumption		in Assumption	
<i>Value of Funded Liabilities:</i>						
With above assumptions	(16,961)	(16,961)	(978,623)	(978,623)	(5,501,764)	(5,501,764)
	+0.1%	-0.1%	+0.1%	-0.1%	+0.1%	-0.1%
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(16,591)	(17,340)	(957,243)	(1,000,480)	(5,116,313)	(5,887,215)
Rate for increase in salaries (increase or decrease by 0.1%)	(17,064)	(16,860)	(984,533)	(972,775)	(5,234,298)	(5,769,230)
Rate for increase in pensions (increase or decrease by 0.1%)	(17,236)	(16,691)	(994,498)	(963,021)		
Rate for increase in inflation (increase or decrease by 0.1%)					(5,320,598)	(5,682,930)
	+1 year	+1 year	+1 year	-1 year	+1 year	-1 year
Adjustment to mortality age (increase or decrease in 1 year)	(16,444)	(17,481)	(948,787)	(1,008,638)	(5,361,636)	(5,641,892)

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 scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main

existing public service schemes may not provide benefits in relation to services after 31 March 2019 (or services after 31 March 2020 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Group's expected contribution to the schemes in 2019/20 is:

Police Pension Scheme £139m.

Local Government Pension Scheme £38.0m (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 lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015.

Claims of unlawful discrimination have also been made in relation to the changes to the Judiciary and Firefighters Pension regulations and in December 2018, the Court of Appeal (McCloud / Sergeant) ruled that the 'transitional protection' offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination.

On 27 June, the Supreme Court refused leave to appeal on the McCloud case. In light of this it is envisaged that the Court will require changes to arrangements for employees who were transferred to the new schemes including Police Pension Scheme members. This would lead to an increase in Police Pension Scheme liabilities. Our actuaries, using specific assumptions and applying these across the Police scheme as a whole, have estimated the potential increase in scheme liabilities to be approximately £284.4m.

When assessing the potential impact of McCloud on the IAS19 liabilities, our actuaries have considered those members with benefits in the 2015 Scheme who were former members of the 1987/2006 Schemes. Their assessment calculated the additional liability that would have arisen had the members not ceased to accrue benefits in the 1987/2006 Schemes on 1 April 2015 (or after this date if their start date in the 2015 Scheme was tapered) and had continued instead to accrue final salary benefit in the 1987/2006 Schemes. Alongside this assessing the impact for those members who are currently active in the 2015 Scheme.

The next Police Pension valuation is due to take place in 2020 with implementation of the results planned for 2023/24 and forces will need to plan for the impact of this on employer contribution rates alongside other changes identified through the valuation process.

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 enough 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.

With regard to the LGPS a similar adjustment to past service costs within the IAS19 Disclosure has been made for the McCloud judgment with potential increase in scheme liabilities of £17.7m. The impact of an increase in scheme liabilities arising from McCloud / Sergeant judgment has been measured through the pension valuation process, which determines employer and employee contribution rates.

Increases in both the Police Pension Scheme and LGPS are reflected in the present value of the defined benefits obligation, as reported in the net defined benefit liability line of the Balance Sheet, with the increase presented as a past service cost within cost of services in the Comprehensive Income and Expenditure Statement. The actuaries have highlighted that this estimate is based on one potential remedy, the potential impact of any difference in the profile of the force's membership compared with the scheme as a whole and that the figures are highly sensitive to assumptions around short-term earnings growth. As an illustration for the Police Pension Scheme, were the future real pay growth assumption to be reduced to 0.75%p.a. then the potential additional costs in relation to McCloud would be additional past service of liabilities as at 31 March 2019 of approximately 5.1% of liabilities.

Note 32 – CONTINGENT LIABILITIES

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

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 £4.441m of the £17,408m balance is past its due date. The total balance of the customers amount can be analysed by age as follows:

	Actual 31 March 2019 £000	Actual 31 March 2018 £000
Less than 3 months	15,195	27,690
Three to six months	35	198
Six months to one year	120	550
More than one year	2,058	308
Total	17,408	28,746

The experience of default is illustrated by the debts written off during 2018/19 totalling £0.011m (2017/18 £0.114m).

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 2019 £000	Actual 31 March 2018 £000
Less than one year	57,614	77,045
Between one and two years	0	0
Total	57,614	77,045

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:

	Approved minimum limits (%)	Approved maximum limits (%)	Actual 31 March 2019 £000	Actual 31 March 2019	Actual 31 March 2018 £000	Actual 31 March 2018
Less than one year	0	25	16,461	16.14%	14,896	14.76%
Between one and two years	0	40	10,536	10.33%	489	0.48%
Between two and five years	0	60	1,581	1.55%	11,771	11.66%
Between five and ten years	0	80	3,957	3.88%	4,303	4.26%
More than ten years	0	100	69,458	68.10%	69,458	68.83%
Total	0	100	101,993	100.00%	100,917	100.00%

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 – OTHER BALANCES

The PCC and Group holds monies on behalf of third parties arising from its operational responsibilities. These amounts are not included within the Financial Statements.

	ACCOUNT	01.4.18 Balance £'000	Expenditure in Year £'000	Receipts in Year £'000	31.3.19 Balance £'000	Description of Account
ZK30	Drug Trafficking Offences Act	(1,189)	90	(252)	(1,351)	Act empowers Police to retain monies seized during investigation
ZK31	Misuse of Drugs Act	0	0	(31)	(31)	Monies forfeited and awarded by court to be used to tackle drug related crime
ZL	Income Pending Return to Claimants	(886)	124	(531)	(1,293)	Cash held for third parties e.g. sudden deaths
ZL35	Proceeds of Crime Act	(4,571)	1782	(2,470)	(5,259)	Act empowers Police to seize monies and property during investigations
ZL36	Police Property Act Fund	(374)	148	(143)	(369)	Proceeds from disposal of property in connection with a criminal offence. The money is then donated to local charities
	TOTAL	(7,020)	2,144	(3,427)	(8,303)	

Note 35 – 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 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	42.43%
South Yorkshire	24.77%
North Yorkshire	18.14%
Humberside	14.66%

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 recognises income in the form of contributions from partners will largely only apply where the partners 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 force delivering the outcomes it has agreed to provide

2017/18 £000		2018/19 £000
	EXPENDITURE	
24,861	Staff Costs	27,424
931	Property Related Expenses	786
14,303	Supplies and Services	10,794
854	Transport Related Expenses	1,074
1,000	Transfer To Reserves	0
41,949		40,078
	INCOME	
7,718	Other Income	5,311
34,231	Contributions	34,767
41,949		40,078
0	(DEFICIT)/SURPLUS IN YEAR	0

Note 36 – 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 NPAS service was rolled out across the country on a phased basis which commenced in October 2012.

The service is governed by a section 22a collaborative agreement and is under the control of a Strategic Board made up of Police and Commissioners and Chief Constables from each national region. The board determines the budget and the charging policy, and monitors performance.

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

Financial monitoring reports are provided to the NPAS Strategic Board, the expenditure and income charged to the accounts is in accordance with the Financial Regulations and Standing Orders of the Police and Crime Commissioner for West Yorkshire.

2017/18 £000		2018/19 £000
	EXPENDITURE	
20,996	Staff Costs	19,953
1,802	Property Related Expenses	2,034
2,103	Supplies and Services	2,298
15,649	Transport Related Expenses	16,465
40,550		40,750
	INCOME	
(38,182)	Contributions	(39,339)
(2,368)	Other Income	(1,411)
(40,550)		(40,750)
0	(DEFICIT)/SURPLUS IN YEAR	0

WEST YORKSHIRE POLICE

PENSION FUND

STATEMENT

OF

ACCOUNTS 2018/19

WEST YORKSHIRE POLICE

PENSION FUND ACCOUNT STATEMENTS

2017/18 £'000		2018/19 £'000
	CONTRIBUTIONS RECEIVABLE	
(41,004)	Employer's Contributions	(42,048)
(2,742)	Early Retirements (Ill Health)	(2,324)
(22,800)	Officers' Contributions	(23,276)
	TRANSFERS IN	
(1,245)	Individual Transfers In from Other Schemes	(1,181)
(67,791)	TOTAL INCOME RECEIVABLE	(68,829)
	BENEFITS PAYABLE	
118,416	Pensions	125,378
31,075	Commutations and Lump Sum Retirement Benefits	33,385
0	Lump Sum Death Benefits	0
	PAYMENTS TO AND ON ACCOUNT OF LEAVERS	
123	Refunds of Contributions	234
186	Individual Transfers Out to Other Schemes	100
149,800	TOTAL EXPENDITURE PAYABLE	159,097
82,009	NET AMOUNT PAYABLE FOR THE YEAR	90,268
(82,009)	ADDITIONAL CONTRIBUTION FROM EMPLOYER	(90,268)
0		0

Notes to the Pension Fund Account

2017/18 £'000	NET ASSETS STATEMENT	2018/19 £'000
0	Contribution due from Employer	0
0	Unpaid Pension Benefits	0
0	Amount Owing from the Police Fund	0
0		0

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 FOR WEST YORKSHIRE AND 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 2019, including plans for the financial year 2019/20.

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 also 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 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 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)¹ 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 safer and feel safer. Local priorities have been set in consultation with individuals, organisations and community safety partnerships which 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.

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.

The PCC holds regular strategic planning days with the Chief Officer Team (COT) to look at how WYP can best deliver on the priorities in the Plan.

¹The 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.

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.

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 25,000 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.

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 3,000 people responded to the recent consultation for the 2019/20 Council Tax budget, with 72% 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. Risk and insurance are closely linked, and insurance policies arranged where appropriate.

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 which 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 which 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. During 2018/19 the Interim Chief Executive has been working with the Police and Crime Commissioner whilst the substantive post holder is seconded to North Yorkshire OPCC.

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 2018/19 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 still in its infancy but developing well.

During 2018/19 two new members joined the Joint Independent Audit and Ethics Committee and have received induction training and will continue to receive support. Three members came to the end of their term of office on the Committee and a vacancy exists that will be advertised specifically looking for ethics experience.

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 recrimination.

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 two 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, 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 provides updates to the Police and Crime Panel 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 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 2018/19 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 PCC'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 PCC'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.

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 2018/19 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 (Finance and Business Services), the Head of Audit and Risk and managers within the WYP who have responsibility for the development and maintenance of the governance environment. In preparing the Annual Governance Statement for 2018/19 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.

In the Annual Audit Letter for 2017/18, the external auditor reported that he had issued an unqualified opinion on the Statement of Accounts and an unqualified conclusion on the PCC'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 PCC'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.

It is also felt appropriate to raise 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. The Police and Crime Commissioner has requested that a wider governance and delivery model review is undertaken by the Association of Police and Crime Commissioners (APCC) and the National Police Chiefs' Council (NPCC) that looks at delivery models for national services, with a specific focus on incorporating the National Police Air Service. There is support for this project within the APCC and the NPCC and a bid has been written by the APCC to apply for Police Transformation Funding to enable the review to take place. It is anticipated that this review will take place in 2019/20.

Signed

Mark Burns Williamson
PCC for West Yorkshire

Jayne Sykes
Interim Chief Executive

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).