



**WEST YORKSHIRE  
POLICE**

**CHIEF CONSTABLE  
FOR WEST YORKSHIRE POLICE  
STATEMENT OF ACCOUNTS  
2019/20**

## CHIEF CONSTABLE FOR WEST YORKSHIRE POLICE

### STATEMENT OF ACCOUNTS 2019/20

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## Independent auditor's report to the Chief Constable for West Yorkshire Police

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of the Chief Constable for West Yorkshire Police (the 'Chief Constable') for the year ended 31 March 2020 which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, 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 police officer pension fund account and notes to the police officer pension fund. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2020 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

#### Basis for opinion

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

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

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

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

#### Conclusions relating to going concern

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

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

In our evaluation of the Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20 that the Chief Constable's financial statements shall be prepared on a going concern basis, we considered the risks associated with the Chief

Constable's operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit. We analysed how those risks might affect the Chief Constable's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

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

#### **Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings**

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

Our opinion is not modified in respect of these matters.

#### **Other information**

The Chief Finance Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts other than the 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 Chief Constable obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

We have nothing to report in this regard.

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

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

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

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

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Chief Constable 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 Chief Constable and the Chief Finance Officer for the financial statements**

As explained more fully in the Statement of Responsibilities set out on page 6, the Chief Constable is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Chief Constable'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 Chief Constable will no longer be provided.

The Chief Constable is Those Charged with Governance. Those charged with governance are responsible for overseeing the financial reporting process.

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

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

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

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

### **Conclusion**

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

### Responsibilities of the Chief Constable

The Chief Constable 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 Chief Constable'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 Chief Constable 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 Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects the Chief Constable had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The 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 Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Chief Constable has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

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

### Use of our report

This report is made solely to the Chief Constable, 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 Chief Constable those matters we are required to state to the Chief Constable in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable as a body, for our audit work, for this report, or for the opinions we have formed.

*Paul Grady*

Paul Grady  
Key Audit Partner

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

**30 November 2020**



## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Chief Constable 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 Authority's and the 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 Authority and Group will continue in operational existence for the foreseeable future, and
- Maintain such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

## APPROVAL OF THE STATEMENT OF ACCOUNTS

The Statement of Accounts was approved by the Chief Constable for West Yorkshire on the 30<sup>th</sup> of November 2020

*J Robins*

*N Brook*

John Robins  
Chief Constable  
for West Yorkshire Police

Nigel Brook  
Chief Finance Officer  
for West Yorkshire Police

## **NARRATIVE REPORT AND FINANCIAL REVIEW**

### **PREFACE**

**Introduction to the 2019/20 Statement of Accounts by John Robins, Chief Constable for West Yorkshire Police.**



With a population of over 2.2 million, West Yorkshire is home to a broad diversity of people from a range of ethnic, cultural and economic backgrounds living in a combination of cities towns and rural communities. Such diversity and complexity includes ward areas in the top 10% most deprived and 14 wards with BAME communities comprising over 50% of the population.

As the fourth largest force in the country, West Yorkshire Police partners with five local authorities, each coterminous with a local policing district. Our district Neighbourhood Policing model is underpinned by local response, crime investigation and safeguarding functions. All supported centrally by specialist operational, crime capabilities, and back office services to deliver the joint vision with the Police and Crime Commissioner to “Keep West Yorkshire Safe and Feeling Safe”.

West Yorkshire Police continues to operate in an environment of unprecedented and more complex demand. We anticipate additional organisational challenge to meet significant predicted increases in the areas of emergency 999 calls, domestic abuse, criminal exploitation of the vulnerable and rises in violence and knife crime.

Tackling Serious Violent Crime is a priority for the Force, sustained targeted prevention and enforcement activity, and a multi-agency approach bringing together police, health agencies, local government, and community representatives, is having a positive impact on violent crime across the region. The Office of National Statistics reported for the 12 months to December 2019, knife crime had increased nationally by 7.2%, however West Yorkshire are buckling this trend with an 8.8% reduction during the same period.

Embedding our renewed Neighbourhood Policing structures and ethos is a key focus for the Force and districts across the region are working with partners to make effective Early Intervention activity ‘business as usual’.

Driving improvements in standards of investigations is central to the Force’s ambitions and the new ‘Victims Journey’ project is targeted at improving the quality of service to victims across West Yorkshire.

The Force faces significant challenges in relation to demand and this has particularly been the case in responding quickly and effectively to the 800,000 non-emergency calls the Force receives each year alongside continued unprecedented demand in relation to 999 calls.

The Force will benefit from additional officers over the next three years as part of the Government’s 20,000 Police Officer Uplift Programme. This additional uplift in police officers will allow the Force to bolster frontline roles and seek to improve representation from across communities.

Covid -19 - Lockdown related demand had been high across the force with the overall number of incidents attended increasing by 32%; however, frontline resources have been deployed effectively in response to Coronavirus related calls.

Productivity has been maximised with home working and remote working equipment for our officers and staff. We have built on our existing mobile workforce capability, which allowed us to respond quickly to the pandemic to continue to provide essential services whilst supporting the NHS and other organisations as Police across West Yorkshire continue to work hard to keep everyone safe.

John Robins QPM  
Chief Constable for West Yorkshire Police



## THE NARRATIVE REPORT

### Message from the Assistant Chief Officer, Business Operations – Nigel Brook



The Narrative Report pulls together in a single document information on the budget preparation process, final accounts, performance information, medium term financial plans and other contextual information such as workforce numbers and strategic risk.

The budget for 2019/20, including the Force's National and Regional commitments (inc Counter Terrorism, Regional Crime, NPAS, Regional Scientific Support, VIPER and national firearms) has 5,089 Police Officers (FTE), 3,977 Police staff (FTE), and 603 PCSO's (FTE). 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.

Our success in maintaining performance levels and making further performance improvements in priority areas must be seen in the context of reducing resources and increasing complexity in demand, not least where safeguarding and local problem solving is delivered in conjunction with partners who are also facing austerity measures.

During 2019/20 West Yorkshire Police have been preparing for our expected additional 852 uplift of Police Officers over the next three years as part of the Prime Minister's pledge to recruit 20,000 more officers nationally into forces. Taking the opportunity to recruit early, we have recruited the majority of the 2020/21 uplift posts in 2019/20 ensuring our new recruits are trained and working within our communities at the earliest opportunity.

The Force has also been working hard to prepare for the new Police Education Qualification Framework (PEQF), which will equip officers with the higher level of skills, knowledge and behaviours required to police effectively in the 21<sup>st</sup> Century. This national programme launched in 2019 is changing dramatically police constable recruitment and training in line with the Policing 2025 Vision to professionalise policing. The new entry routes to policing requiring student officers to complete either a degree, Police Constable Degree Apprenticeship (PCDA), or a post-graduate diploma, Degree Holder Entry Programme (DHEP), for which the Force will be working in collaboration with Leeds Trinity University to deliver both.

We will welcome our first cohort of student officers in early 2020/21 as they start their journey with us through this new entry programme. This is a radically new approach to initial policing education and presents many challenges, but ones we know we can meet and enable us to continue to produce highly competent police officers that keep our community's safe and feeling safer.

Funding remains a challenge for the Force with serious concerns about the long-term pressures given the very significant reduction in the size of West Yorkshire Police's budget and the increased demand and complexity of policing activity.

The full impact of the Covid-19 pandemic is not yet known and at this stage, it is very difficult to predict the impact it will have on the Force's finances going forward. These Financial Statements to 31<sup>st</sup> March 2020 are largely unaffected by the pandemic. Substantial expenditure on PPE and IT equipment ensuring our officers and staff have the necessary equipment to operate effectively and safely, alongside the adverse effects of reduced income, and the uncertainty of additional funding from government, magnifies the financial challenges faced by the Force as we enter the new financial year 2020/21.

Due to the disruption caused by Covid-19 the statutory deadline for publishing the draft accounts was moved to 31 August. The deadline for the publication of the audited accounts has also been moved to 30 November.

The Statement of Accounts has been prepared in accordance with the requirements of the Code of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee). These statements are produced with the aim of providing information to help the reader:

- Understand the overarching financial position of West Yorkshire Police
- Have confidence that the Chief Constable has spent public money wisely and has been accounted for

in an appropriate manner

- Be assured that the financial position of the Chief Constable is sound and secure

## 1. EXPLANATION OF THE WEST YORKSHIRE POLICE GROUP

The Chief Constable and the Police & Crime Commissioner (PCC) are established as separate legal entities. The Chief Constable has a statutory responsibility for the control, direction and delivery of operational policing services in the West Yorkshire Police area.

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 their functions and those of persons under their direction and control. (It should be noted that due to the current Covid-19 pandemic, the PCC elections scheduled for May 2020 have been postponed until May 2021, extending the current term of the PCC to 5 years).

This set of accounts explains how resources provided have been used to deliver operational policing services and follows a similar style and format as previous years.

The Net Revenue Budget for 2019/20 was £441.771m.

## 2. AN INTRODUCTION TO WEST YORKSHIRE

West Yorkshire Police is the fourth largest police force in England and Wales by number of officers. It covers a population of over 2.2 million people from diverse social, economic, cultural and religious backgrounds,

The Force is divided into five District Policing Areas aligned to the five District Councils throughout West Yorkshire. The Districts are responsible for local policing services across the Force that address local priorities. Specialist departments deliver the full range of other force-wide policing functions.

Some of our services are delivered in collaboration with other forces. West Yorkshire lead the Counter Terrorism Policing North East (CTPNE), the Yorkshire and the Humber Regional Organised Crime Unit, the Yorkshire and the Humber Scientific Support Services and the National Police Air Service. We also receive services on a collaborative basis for Procurement, Marine and Underwater Search, Clothing and Equipment stores.

The workload in West Yorkshire and policing in general is increasing and evolving. Although performance trends over the last two years have been encouraging, demand in West Yorkshire is at unprecedented levels and crime levels are high compared to other forces. There has been a significant increase in the more complex and resource intensive crimes such as domestic abuse, child sexual exploitation and abuse, demand around mental health and missing persons remains high and investigations are more complex with most involving some digital footprint.

## 3. FINANCIAL PERFORMANCE

### a. Economic Climate

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

The force continues to experience substantial increases in capital costs to support policing in the 21<sup>st</sup> century. Capital Grant funding at £1.8m for 2019/20 was insufficient and well below the level of capital investment required by the Force to ensure we are fit for the future. 2020/21 will see a 74% cut in capital funding to just £0.45m adding extra pressure to the revenue budget.

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



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

**b. Financial Management**

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

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

**c. Revenue**

**Budget 2019/20**

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

**Revenue Outturn 2019/20**

The following table provides a high level comparison between the approved budget and actual expenditure for the Chief Constable and Group. Net Cost of Police Services is under the direction and control of the Chief Constable.

2019/20	Revised Estimate	Actual	Variation
	£'000	£'000	£'000
<b>NET SERVICE EXPENDITURE</b>			
Net Cost of Police Services	565,905	604,379	(38,474)
<b>Net Cost of Police Services</b>	<b>565,905</b>	<b>604,379</b>	<b>(38,474)</b>

The Net Cost of Police Services in the above table is different to the Net Cost of Police Services reported in the CIES (shown on page 15), which is prescribed by the Code of Practice. The difference is primarily made up of accounting adjustments required by the Code. The reconciliation between the two amounts is shown in the following table:

2018/19 £000		2019/20 £000
<b>567,231</b>	<b>NET EXPENDITURE PER OUTTURN REPORT</b>	<b>604,379</b>
(10,658)	Interest Payable	(10,473)
210	Net (gains)/losses on financial assets at FVPL	0
(1,575)	Flexible attachment	(2,023)
<b>555,208</b>	<b>NET COST OF SERVICES</b>	<b>591,883</b>
(3,045)	Revenue Funding of Capital	(6,020)
(4,522)	Minimum Revenue Provision (MRP)	(3,261)
33,138	Depreciation, Amortisation and Impairments	25,732
432,491	IAS19 Pension Service Costs (accounting basis)	191,539
(64,569)	Pension Contributions (funding basis)	(77,278)
(6,143)	Movement on Employee Benefits Accrual	1,845
<b>942,558</b>	<b>COST OF POLICE SERVICES CIES</b>	<b>724,441</b>

### Outlook – Medium Term Financial Forecast

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

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

A high level summary of the MTFF is provided below.

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



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

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

#### d. Balance Sheet

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

At 31st March 2020, we had negative net assets of £6.044 billion. The main reason we have negative assets is the pension liabilities associated with the unfunded police officer pension scheme of £5.661 billion, and the deficit of £0.373 billion in the funded Local Government Pension Scheme (LGPS) for police staff.

The police officer pension scheme is underwritten by the Home Office who provide an annual top-up grant to fund the difference between pension payments and income from employee and employer contributions. The current deficit in the LGPS will be managed through future employee and employer contributions.

31 March 2019 £000		31 March 2020 £000
0	Long Term Assets	0
0	Current Assets	0
(14,439)	Current Liabilities	(16,284)
(5,788,664)	Long Term Liabilities	(6,026,612)
<b>(5,803,102)</b>	<b>Net Assets</b>	<b>(6,042,895)</b>
<b>(5,803,102)</b>	<b>Total Reserves</b>	<b>(6,042,895)</b>

#### 4. NON-FINANCIAL PERFORMANCE

The 2019 HMICFRS Assessment of West Yorkshire Police has been published and grades the Force as OUTSTANDING for Efficiency and GOOD for Legitimacy and Effectiveness. HMICFRS made particular mention to how the Force records crime and plans for the future (both of which have been graded as OUTSTANDING) and that the Force provides a good service to victims of crime.

The Force is placing greater emphasis on safeguarding vulnerable victims and this is exemplified in the increasing and more complex investigations relating to Child Sexual Exploitation and Abuse, Domestic Abuse and Mental Health related occurrences, which are significant demand pressures for the Force and require an integrated partnership response.

Calls for service (particularly 999 calls) are at unprecedented levels and remain a significant challenge for West Yorkshire Police. Use of HMICFRS Big Data shows that in many areas (such as burglary, robbery, violence and concerns for safety), the Force attends a higher proportion of incidents than peer forces.

The Force Change programme continues and is now aligned to the Force Management Statement to ensure new programmes are clearly linked to force priorities and risks. The key programmes and reviews undertaken over the last 12 months include demand reduction (focussing on a revised hospital absconder policy, malicious communications policy, online crime report automation, victim crime tracker and telephone witness statements), preparing the organisation for PEQF, progressing digital forensics and more recently new reviews around safeguarding and the victims journey. Post implementation reviews are also undertaken to identify the implications of change and lessons learned. Critical over the next 12 months will be developing the programme of work to meet the anticipated savings required through the MTFF.

The health and wellbeing agenda continues to be driven forward through the Employee Wellbeing Strategy and action plans. Examples of support and interventions include internal peer delivered support through our network of Chaplains, trained Peer and Welfare Supporters, introduction of TRiM (Trauma Risk Management) into the workforce and regular health promotion and awareness events. Support is provided for all colleagues via the Employee Assistance Programme which is a 24/7, 365 day a year provision. The Occupational Health and Health and Safety teams provide a range of specialist advice to managers and individuals, surveillance and monitoring, audits and advice on legislative changes and improvements to practice.

## 5. PEOPLE

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

	Workforce Head Count	Full Time Equivalents
Police Officers	5,437	5,332
Police Staff	4,098	3,728
PCSO's	617	592
Paid Employees	10,152	9,652
Special Constabulary	319	
Volunteers	189	
Total Workforce	10,660	

## 6. PRINCIPAL RISKS AND UNCERTAINTIES

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.

The Chief Constable's Leadership Team, the Risk Management Group, is actively managing these and quarterly updates are provided to the Police and Crime Commissioner's "Good Governance Group" and the Joint Independent Audit and Ethics Committee.

## 7. UNCERTAIN FUTURE EVENTS

The UK exited the EU on 31 Jan 2020. Transitional arrangements remain in place but has led to continued short term increased political and economic uncertainty, further impacted by Covid-19, which has been the focus for the government.

The eventual impact of Brexit, including if the UK will exit with a trade deal post December 2020, does have the potential to impact the Force's and Groups financial position going forward. The PCC and Chief will continue to assess the impact in the coming months.

## 8. SUMMARY AND CONCLUSION

West Yorkshire Police continue to deliver effective financial management to support the delivery of the Chief Constable's Policing Strategy and the Police and Crime Commissioner's Police and Crime Plan. The Chief Officer team is fully engaged with the budgeting process to ensure resources are directed to priority areas.

Since austerity measures began in 2010, we have done all we can to meet the increasing pressures we face. We have entered into collaboration to improve capabilities and make efficiencies, rationalised the estate to minimise the impact on the frontline and have significantly transformed the organisation in order to provide the best possible service we can to the diverse communities that we serve; in order to keep people safe and feeling safe. We have also invested in technology and are leading the way nationally with digital policing, meaning our officers are more accessible, visible and productive out in our communities. As a consequence we have been recognised by HMICFRS as 'Outstanding' for Efficiency and 'Good' for Effectiveness and Legitimacy.



However, the pressures we now face are becoming increasingly concerning. If we are to balance our approach by investing in neighbourhood policing, investigating crime, safeguarding vulnerable people and tackling serious and organised crime, we require funding that reflects the nature of the threat and risk we face. A stand-still position, or indeed any further reductions of funding, will continue to significantly impact on the quality of service we are able to provide.

Further information about the accounts is available from

Nigel Brook  
Chief Financial Officer  
West Yorkshire Police HQ  
Laburnum Road  
Wakefield  
West Yorkshire

## FINANCIAL STATEMENTS

The following expenditure is included within the **Comprehensive Income and Expenditure Statement** on an accruals basis:

- IAS 19 Pension costs for Police Officers and Police Staff employed by the Chief Constable.
- A charge for building running costs.
- All other costs incurred in providing a policing service.

All income accrues to the PCC and is shown in his single entity financial statements and the Group Statement of Accounts.

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. Taxation is raised by the PCC to cover expenditure in accordance with statutory requirements; this may differ from the accounting cost. The intra-group funding line represents the funding received from the PCC.

### Comprehensive Income and Expenditure Statement Chief Constable for West Yorkshire Police

\*Restated

2018/19				2019/20		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
209,526	0	209,526	Policing District West	149,506	0	149,506
201,531	0	201,531	Policing District East	142,729	0	142,729
109,781	0	109,781	Policing Specialist Operations	98,088	0	98,088
48,032	0	48,032	Policing Specialist Crime	38,935	0	38,935
41,000	0	41,000	Regional Policing	31,387	0	31,387
104,393	0	104,393	National Policing	87,636	0	87,636
88,588	0	88,588	Finance and Business Services	81,843	0	81,843
139,707	0	139,707	Corporate and Central Services CC	97,674	0	97,675
<b>942,558</b>	<b>0</b>	<b>942,558</b>	<b>Cost of Policing Service</b>	<b>727,797</b>	<b>0</b>	<b>727,798</b>
		*(671,047)	Inter Group Funding			(687,681)
		134,441	Financing and investment income and expenditure			142,912
		<b>405,952</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>183,029</b>
		*314,049	Remeasurement of net defined benefit liability / (asset)			56,763
		<b>314,049</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>56,763</b>
		<b>720,001</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>239,795</b>

\*Details relating to the restatement can be found in Note 1b





The **Movement in Reserves Statement** shows the movement from the start of the year to the end on reserves relevant to the Chief Constable.

## Movement in Reserves Statement Chief Constable for West Yorkshire Police

\*Restated

	Police Fund Balance	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£000	£000	£000	£000
<b>Balance at 1 April 2018</b>	0	0	(5,083,102)	(5,083,102)
<b>Movement in Reserves during year</b>				
Surplus or (deficit) on the provision of services	*(405,952)	(405,952)	0	(405,952)
Other Comprehensive Income and Expenditure	0	0	*(314,049)	(314,049)
<b>Total Comprehensive Income and Expenditure</b>	<b>(405,952)</b>	<b>(405,952)</b>	<b>(314,049)</b>	<b>(720,001)</b>
Adjustments between accounting basis & funding basis under regulations (note 5)	*405,952	405,952	*(405,952)	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>0</b>	<b>0</b>	<b>(720,001)</b>	<b>(720,001)</b>
<b>Increase/Decrease in year</b>	<b>0</b>	<b>0</b>	<b>(720,001)</b>	<b>(720,001)</b>
<b>Balance at 31 March 2019 C/fwd</b>	<b>0</b>	<b>0</b>	<b>(5,803,102)</b>	<b>(5,803,102)</b>

\*Details relating to the restatement can be found in Note 1b

	Police Fund Balance	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£000	£000	£000	£000
<b>Balance at 1 April 2019</b>	0	0	(5,803,102)	(5,803,102)
<b>Movement in Reserves during year</b>				
Surplus or (deficit) on the provision of services	(183,029)	(183,029)	0	(183,029)
Other Comprehensive Income and Expenditure	0	0	(56,763)	(56,763)
<b>Total Comprehensive Income and Expenditure</b>	<b>(183,029)</b>	<b>(183,029)</b>	<b>(56,763)</b>	<b>(239,791)</b>
Adjustments between accounting basis & funding basis under regulations (note 5)	183,029	183,029	(183,029)	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>0</b>	<b>0</b>	<b>(239,792)</b>	<b>(239,792)</b>
<b>Increase/Decrease in year</b>	<b>0</b>	<b>0</b>	<b>(239,792)</b>	<b>(239,792)</b>
<b>Balance at 31 March 2020 C/fwd</b>	<b>0</b>	<b>0</b>	<b>(6,042,894)</b>	<b>(6,042,894)</b>

The **Balance Sheet** shows the values of assets and liabilities held by the Chief Constable. The net assets are matched by unusable reserves, which cannot be used to fund policing services.



## Balance Sheet

### Chief Constable for West Yorkshire Police

31 March 2019		31 March 2020
£000		£000
0	Non-current assets	0
0	Current assets	0
<b>0</b>	<b>Total Assets</b>	<b>0</b>
(14,439)	Short Term Creditors (note 8)	(16,284)
<b>(14,439)</b>	<b>Current Liabilities</b>	<b>(16,284)</b>
(5,788,664)	Net Pension Liability (note 9)	(6,026,612)
<b>(5,788,664)</b>	<b>Long Term Liabilities</b>	<b>(6,026,612)</b>
<b>(5,803,102)</b>	<b>Net Assets</b>	<b>(6,042,895)</b>
(14,439)	Accumulated Absences Account (note 9)	(16,284)
(5,788,664)	Pension Reserve (note 11)	(6,026,612)
<b>(5,803,102)</b>	<b>Total Unusable Reserves</b>	<b>(6,042,894)</b>

The **Cash Flow Statement** shows the changes in cash and cash equivalents during the reporting period.

## Cash Flow Statement

### Chief Constable for West Yorkshire Police

2018/19		2019/20
Restated £000		£000
*405,952	Net (surplus) or deficit on the provision of services	183,029
*(405,952)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(183,029)
0	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities.	0
<b>0</b>	<b>Net Cash flows from Operating Activities</b>	<b>0</b>
0	Investing Activities	0
0	Financing Activities	0
<b>0</b>	<b>Net Increase or decrease in cash and cash equivalents</b>	<b>0</b>
0	Cash and cash equivalents at the beginning of the reporting period	0
<b>0</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>0</b>

\*Details relating to the restatement can be found in Note 1b

## NOTES TO THE ACCOUNTS

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

### **General**

The Accounts and Audit Regulations 2015 require the Chief Constable to prepare a Statement of Accounts for each financial year in accordance with proper accounting practices. For 2019/20, these proper accounting practices are the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) supported by International Financial Reporting Standards (IFRS).

The Statement of Accounts has been prepared on a going concern basis. The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### **Accruals**

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

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

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

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

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

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

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

### **Value Added Tax (VAT)**

The Chief Constable does not submit a VAT return as the PCC submits a single VAT return on behalf of the Group. VAT is included in the Chief Constable's Comprehensive Income and Expenditure Statement only to the extent that it is irrecoverable from HM Revenue and Customs.

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

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

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

*Information relating to specific accounting policies can be found alongside the relevant accounting Notes from pages 20 – 33.*

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

- Amendments to IAS 19 Employment Benefits: Plan Amendment, Curtailment or Settlement which is likely to apply to the 2020/21 Accounts.
- IFRS 16 Leases will require Local Authorities that are lessees to recognise leases on their Balance Sheets as a right of use assets with corresponding lease. The standard has been deferred for the



2019/20 Statement of Accounts and is now effective for implementation on 01 April 2021. At this time, it is reasonably estimable that the value of the leases uplifted to the Balance Sheet will not be material

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

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

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

The Draft Accounts for the Chief Constable were published on the West Yorkshire Police website on 21 July 2020. Since that date the Force's external auditors, Grant Thornton LLP, have audited the Accounts and the following main changes have been agreed and made to the Chief Constables Final Accounts:

1. Accounting treatment for Police Pension Top Up Grant

The changes applied to the financial statements have had no impact on the General Fund and year end outturn.

Affected Statements and Notes throughout the accounts have been highlighted as restated.

1. Accounting Treatment for Police Pension Top Up Grant

A Prior Period Adjustment has been carried out on the Chief Constables accounting treatment for the Police Pension Top Up Grant. The Top Up Grant had been included within the Comprehensive Income and Expenditure Statement as part of the remeasurement of net defined benefit liability / (asset), offset by an increase in the inter group funding line for the same value, with a nil effect to the bottom line Total Comprehensive Income and Expenditure. During the final audit it was highlighted the correct treatment was to recognise the Top Up Grant as an additional employers contribution. The value of the Top Up Grant was £90.2m for 2018/19, and £79.3m for 2019/20. The adjustment affects the following statement: Comprehensive Income and Expenditure Statement by reducing the Surplus or (deficit) on the Provision of Services and increasing Other Comprehensive Income and Expenditure by equal values to the Top Up Grant. Also affected are the Cash Flow Statement and Movement in Reserves Statement, with an overall nil impact.



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

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

- The Chief Constable is classed as a local authority allowing him to benefit from the statutory overrides contained in the Accounts and Audit Regulations 2015.
- A judgement has been made of the expenditure allocated between the PCC and Chief Constable to reflect the financial resources of the PCC consumed at the request of the Chief Constable.
- The Chief Constable participates along with the PCC in providing the National Police Air Service (NPAS) and regional collaborative working in partnership with the Yorkshire and Humber Forces to deliver a number of specific specialist services on a regional basis. The arrangement has been reviewed against IFRS11 on joint arrangements and it has been determined that they fall outside the scope of a joint operation.

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

The preparation of the financial statements requires the Chief Constable to make judgements, estimates and assumptions that affect the application of policies and reporting amounts of assets and liabilities, income and expenditure. Estimates and associated assumptions are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

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

ITEM	UNCERTAINTIES	EFFECT IF ACTUAL RESULTS DIFFER FROM ASSUMPTION
Pensions Liability	Estimation of net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and judgements in respect of the performance of the underlying assets which the LGPS pension scheme invests in (it should be noted that the Police Officer Pension Scheme does not hold any assets). A firm of consulting actuaries is engaged to provide the CC with expert advice in respect of the forecasts 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 £108m for Police Officers and a reduction of £24m for Police Staff.  Further details of the effect of accounting assumptions can be found within Note 11.  The pension fund investments are spread over a number of asset classes within public and private financial markets. There is always an element of uncertainty inherent within the valuation of private assets, and now coupled with recent market uncertainty as a result of Covid19.  Based on the current market conditions at the 31st March 2020, particularly in respect of COVID-19, the CC understands that the volatility of the



	<p>The actuary's valuer has reported the 2019/20 year-end valuation of scheme assets on the basis of 'material valuation uncertainty' per VPGA 10 of the Royal Institution of Chartered Surveyors (RICS) Valuation - Global Standard. Consequently, the valuer has commented that less certainty and a higher degree of caution should be attached to the valuation than would normally be the case.</p>	<p>economy could have a direct impact on the net liability value. This will most likely be in the form of below-average returns on plan assets and market yields. However, the overall position is also influenced by the effect of market movements on the assumptions used to place a value on the defined benefit obligation. The return on the fund (on a bid value to bid value basis) for the year to 31st March 2020 is estimated to be -5%. The actual return on fund assets over the year may be different, particularly given the current uncertainty of the longer-term effect of COVID-19 on financial markets. Should expected returns not be as high as expected this will potentially impact the CC's revenue account in the form of larger actuarial deficit payments in subsequent years.</p> <p>The 'material valuation uncertainty' opinion applied by the actuary's valuers is due to the element of scheme assets which relate to property investments, and the related uncertainty of asset valuations, and also material valuation uncertainty in respect of private equity investments.</p> <p>The wider external context will continue to be reviewed in 2020/21 to assess any further impacts which require potential impairment entries.</p>
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**Note 3 – EVENTS AFTER THE REPORTING PERIOD**

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

**Note 4 – EXPENDITURE AND FUNDING ANALYSIS**

The Expenditure and Funding Analysis demonstrates how the funding available to the Chief Constable for the year has been used in providing services in comparison with those resources consumed or earned by the Chief Constable in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Chief Constable's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Adjustments from the general Fund to arrive at the Comprehensive Income and Expenditure Statements amounts:



## Expenditure and Funding Analysis

\*Restated

2018/19				2019/20		
Expenditure Chargeable to GF Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the CIES £000		Expenditure Chargeable to GF Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the CIES £000
115,463	94,063	209,526	Policing District West	117,631	31,875	149,506
111,086	90,445	201,531	Policing District East	112,414	30,315	142,729
66,368	43,413	109,781	Policing Specialist Operations	81,705	16,383	98,088
29,943	18,089	48,032	Policing Specialist Crime	32,402	6,533	38,935
26,529	14,471	41,000	Regional Policing	26,871	4,516	31,387
68,057	36,336	104,393	National Policing	71,624	16,012	87,636
57,795	30,793	88,588	Finance and Business Services	63,891	17,952	81,843
79,967	59,740	139,707	Corporate and Central Services CC	85,345	12,329	97,674
<b>555,208</b>	<b>387,350</b>	<b>942,558</b>	<b>Net Cost of Services</b>	<b>591,883</b>	<b>135,914</b>	<b>727,798</b>
(555,208)	*(115,839)	*(671,047)	Intra-group adjustment	(591,883)	(95,797)	(687,680)
0	134,441	134,441	Other Income and Expenditure	0	142,913	142,913
<b>0</b>	<b>405,952</b>	<b>405,952</b>	<b>(Surplus) or Deficit</b>	<b>0</b>	<b>183,030</b>	<b>183,030</b>

\*Details relating to the restatement can be found in Note 1b

## Note to the Expenditure and Funding Analysis

\*Restated

2018/19				Adjustments Between Funding and Accounting Basis	2019/20			
Adjustments for Capital Purposes £000	Net Change for Pensions Adjustments £000	Other Differences £000	Total Adjustments £000		Adjustments for Capital Purposes £000	Net Change for Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
0	95,660	(1,617)	<b>94,043</b>	Policing District West	0	31,382	492	<b>31,874</b>
0	91,981	(1,540)	<b>90,441</b>	Policing District East	0	29,847	468	<b>30,315</b>
0	44,151	(714)	<b>43,437</b>	Policing Specialist Operations	0	16,130	253	<b>16,383</b>
0	18,396	(321)	<b>18,075</b>	Policing Specialist Crime	0	6,432	101	<b>6,533</b>
0	14,717	(259)	<b>14,458</b>	Regional Policing	0	4,446	70	<b>4,516</b>
0	25,755	10,597	<b>36,352</b>	National Policing	0	7,899	8,113	<b>16,012</b>
0	11,038	19,769	<b>30,807</b>	Finance and Business Services	0	2,552	15,400	<b>17,952</b>
0	66,226	(6,487)	<b>59,739</b>	Corporate and Central Services CC	0	18,930	(6,601)	<b>12,329</b>
<b>0</b>	<b>367,922</b>	<b>19,428</b>	<b>387,350</b>	<b>Net Cost of Services</b>	<b>0</b>	<b>117,618</b>	<b>18,296</b>	<b>135,912</b>
0	0	(25,571)	<b>(25,571)</b>	Intra group adjustment	0	0	(16,451)	<b>(16,451)</b>
0	44,173	0	<b>44,173</b>	Other income and expenditure from the Expenditure and Funding Analysis	0	63,467	0	<b>63,467</b>
<b>0</b>	<b>412,095</b>	<b>(6,143)</b>	<b>405,952</b>	<b>Difference Between General Fund Surplus or Deficit and CIES (Surplus) or Deficit on the Provision of Services</b>	<b>0</b>	<b>181,085</b>	<b>1,845</b>	<b>182,928</b>

### 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 authority 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 and to comply with presentational requirements.



## Note 4a – EXPENDITURE ANALYSED BY NATURE

### Expenditure Analysed by Nature

Expenditure and income is analysed as follows:	2019/20	2018/19
	£000	*Restated £000
<b>Expenditure</b>		
Employee benefits expenses	574,112	787,983
Premises related expenditure	20,623	19,798
Supplies and services	63,584	59,735
Transport related expenditure	31,801	28,670
Other service expenses	37,564	46,295
Pension related expenditure	143,007	134,518
Intra Group Funding	(687,660)	*(671,047)
<b>Total expenditure</b>	<b>183,030</b>	<b>405,952</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>183,030</b>	<b>405,952</b>

\*Details relating to the restatement can be found in Note 1b

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

## 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 Chief Constable in the year in accordance with the proper accounting practice.

The following adjustments are for 2019/20

Pensions Reserve Adjustments:	
Reversal of items debited or credited to the CIES	(337,809)
Employer's pensions contributions	156,624
<b>Accumulated Absences Adjustment Account:</b>	
Officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year	(1,845)
<b>Total Adjustments</b>	<b>(183,029)</b>

Usable Reserves		Unusable Reserves		
Police Fund Balance	Movement in Usable Reserves	Pensions Reserve	Accumulated Absences Fund	Movement in Unusable Reserves
£'000	£'000	£'000	£'000	£'000
(337,809)	(337,809)	337,809	0	337,809
156,624	156,624	(156,624)	0	(156,624)
(1,845)	(1,845)	0	1,845	1,845
<b>(183,029)</b>	<b>(183,029)</b>	<b>181,184</b>	<b>1,845</b>	<b>183,029</b>

The following adjustments are for 2018/19

\*Restated

Pensions Reserve Adjustments:	
Reversal of items debited or credited to the CIES	(566,932)
Employer's pensions contributions	*154,837
<b>Accumulated Absences Adjustment Account:</b>	
Officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year	6,143
<b>Total Adjustments</b>	<b>(405,951)</b>

Usable Reserves		Unusable Reserves		
Police Fund Balance	Movement in Usable Reserves	Pensions Reserve	Accumulated Absences Fund	Movement in Unusable Reserves
£'000	£'000	£'000	£'000	£'000
(566,932)	(566,932)	566,932	0	566,932
*154,837	154,837	*(154,837)	0	(154,837)
6,143	6,143	0	(6,143)	(6,143)
<b>(405,951)</b>	<b>(405,951)</b>	<b>412,094</b>	<b>(6,143)</b>	<b>405,951</b>

\*Details relating to the restatement can be found in Note 1b





## Note 6 – OFFICER REMUNERATION AND EXIT PACKAGES

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

<b>CC 2019/20</b>		<b>Salary, Fees and Allowances £</b>	<b>Pension Contribution £</b>	<b>Total £</b>
D Collins Chief Constable	01.04.19- 30.04.19	29,772	0	<b>29,772</b>
J Robins Chief Constable	01.05.19- 31.03.20	174,138	49,993	<b>224,131</b>
J Robins Temporary Chief Constable	01.04.19- 30.04.19	12,364	3,752	<b>16,116</b>
R Foster Deputy Chief Constable	01.05.19- 31.03.20	143,546	38,227	<b>181,773</b>
R Foster Temporary Deputy Chief Constable	01.04.19- 30.04.19	9,811	2,931	<b>12,742</b>
Temporary Assistant Chief Constable (Protective Services - Crime)	01.04.19- 30.04.19	112,799	32,162	<b>144,961</b>
A Williams Assistant Chief Constable (People Directorate)	01.04.19- 31.03.20	118,253	35,690	<b>153,943</b>
Assistant Chief Constable (Protective Services Ops)	01.04.19- 31.03.20	114,651	33,806	<b>148,457</b>
C Hankinson Assistant Chief Constable (District Policing)	01.04.19- 31.03.20	115,131	35,690	<b>150,821</b>
Assistant Chief Officer (Finance & Business Services) and Chief Finance Officer CC	01.04.19- 31.03.20	115,563	14,276	<b>129,839</b>
<b>TOTAL</b>		<b>946,028</b>	<b>246,527</b>	<b>1,192,555</b>

<b>Chief Constable 2018/19</b>		<b>Salary, Fees and Allowances £</b>	<b>Pension Contribution £</b>	<b>Total £</b>
Dee Collins Chief Constable	01.04.18 - 02.12.18	129,703	0	<b>129,703</b>
John Robins Temporary Chief Constable	03.12.18 - 31.03.19	53,064	23,242	<b>76,306</b>
John Robins Deputy Chief Constable	01.04.18 - 02.12.18	103,352	11,621	<b>114,973</b>
Temporary Deputy Chief Constable	03.12.18 - 31.03.19	42,484	9,079	<b>51,563</b>
Temporary Assistant Chief Constable	03.12.18 - 31.03.19	33,431	7,248	<b>40,679</b>
Assistant Chief Constable (Protective Services - Crime)	01.04.18 - 02.12.18	83,417	18,158	<b>101,575</b>
Assistant Chief Constable (People Directorate)	01.04.18- 31.03.19	120,011	27,236	<b>147,247</b>
Assistant Chief Constable (Protective Services Ops)	01.04.18 - 20.05.18	19,451	3,691	<b>23,142</b>
Assistant Chief Constable (Protective Services Ops)	14.05.18 - 31.03.19	97,500	22,054	<b>119,554</b>
Assistant Chief Constable (District Policing)	01.04.18- 31.03.19	114,362	26,464	<b>140,826</b>
Assistant Chief Officer (Finance & Business Services) and Chief Finance Officer Chief Constable	01.04.18- 31.03.19	117,384	13,956	<b>131,340</b>
<b>TOTAL GROUP</b>		<b>914,159</b>	<b>162,749</b>	<b>1,076,908</b>

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

CC Remuneration Band	Number of Employees		CC Remuneration Band	Number of Employees	
	2019/20	2018/19		2019/20	2018/19
£50,000 - £54,999	33	33	£85,000 - £89,999	6	8
£55,000 - £59,999	28	44	£90,000 - £94,999	10	9
£60,000 - £64,999	24	43	£95,000 - £99,999	2	4
£65,000 - £69,999	40	21	£100,000 - £104,999	4	1
£70,000 - £74,999	14	6	£105,000 - £109,999	5	1
£75,000 - £79,999	4	3	£120,000 - £124,999	1	0
£80,000 - £84,999	1	5	£155,000 - £159,999	1	0

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

Exit Packages CC	Compulsory Redundancies	Other Departures	Total	Exit Packages CC	Compulsory Redundancies	Other Departures	Total
2019/20	£	£	£	2019/20	No	No	No
£0-£20,000	18,314	20,956	39,270	£0-£20,000	4	2	6
£20,001-£40,000	30,844	49,672	80,516	£20,001-£40,000	1	2	3
£40,001-£60,000	0	155,597	155,597	£40,001-£60,000	0	3	3
£60,001-£80,000	0	209,505	209,505	£60,001-£80,000	0	3	3
£80,001-£100,000	0	80,208	80,208	£80,001-£100,000	0	1	1
£100,001-£150,000	0	215,814	215,814	£100,001-£150,000	0	2	2
	49,157	731,753	780,910		5	13	18
2018/19	£	£	£	2018/19	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
	420,678	680,046	1,100,724		12	25	37

The Chief Constable terminated the contracts of a number of employees in 2019/20, incurring liabilities of £0.4m, (£0.7m in 2018/19). Severance payments totalling £0.03m were identified as being due in the early part of 2019/20 (£0.4m in 2018/19) and were accrued in the Comprehensive Income and Expenditure Statement.

## Note 7 – EXTERNAL AUDIT COSTS

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

	2019/20 £000	2018/19 £000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	21	17
<b>Total</b>	<b>21</b>	<b>17</b>

## Note 8 – CREDITORS

The short term creditor balance of £16.3m (£14.4m 2018/19) relates to the liability for untaken leave and other accumulated absences due to staff at 31 March 2020.

## Note 9 – UNUSABLE RESERVES

### **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 Chief Constable accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, 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 Chief Constable 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 Chief Constable has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2018/19 *Restated £000	Pensions Reserve	2019/20 £000
<b>(5,062,520)</b>	<b>Balance at 1 April</b>	<b>(5,788,664)</b>
*(314,049)	Actuarial gains or losses on pensions assets and liabilities	(56,763)
(566,932)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(337,809)
64,569	Employer's pensions contributions and direct payments to pensioners payable in the year	77,278
*90,268	Employer's pensions contributions and direct payments to pensioners payable in the year	79,346
<b>(5,788,664)</b>	<b>Balance at 31 March</b>	<b>(6,026,612)</b>

\*Details relating to the restatement can be found in Note 1b

### **Accumulated Absences Adjustment Account**

The Accumulated Absences Adjustment Account represents the value of the future obligation of the Chief Constable 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 be neutralised by transfers to or from the Account.

2018/19 £000		2019/20 £000
<b>(20,582)</b>	<b>Balance at 1 April</b>	<b>(14,439)</b>
6,143	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,845)
<b>(14,439)</b>	<b>Balance at 31 March</b>	<b>(16,284)</b>

## **Note 10 – RELATED PARTIES**

The Chief Constable is required to disclose material transactions and balances with related parties, bodies or individuals that have the potential to control or exercise significant influence over the Force or be controlled or influenced by the Force. Disclosure of these transactions allows readers to assess the extent to which the Chief Constable might have been constrained in his 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 and Other Public Bodies.

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

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

### **Central Government**

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

### **Key Management**

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

## **Note 11 – DEFINED BENEFITS PENSION SCHEME**

### **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 Chief Constable.

#### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority 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/losses - on settlements and curtailments – the result of actions to relieve the Chief Constable of liabilities or events that reduce the expected future service or accrual of benefits of employees, debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs;
- 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.

As part of the terms and conditions of employment of its officers and other employees, the Chief Constable makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Chief Constable has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Chief Constable 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 Staff, under the direction and control of the Chief Constable, is a funded scheme meaning that the Chief Constable and employees pay contributions into a fund that is calculated at a level intended to balance the pensions' 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 pensions liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due.

Following funding changes introduced on 1 April 2006 the Chief Constable now pays an employer's pension contribution into the Pension Fund Account in respect of all 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 Chief Constable 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:

	CC		CC	
	LGPS		POLICE PS	
	£000		£000	
	2019/20	2018/19	2019/20	2018/19
<b>COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT</b>				*Restated
<b>Cost of Services</b>				
Current service costs	41,536	34,115	121,475	96,514
Past service costs	730	17,438	31,155	284,424
(Gain)/loss from settlements	0	0	0	0
<i>Finance and Investment Income and Expenditure:</i>	0	0	0	0
Net interest expense	7,028	5,815	135,884	128,626
<b>Total Pension Costs Recognised in the Provision of Services</b>	<b>49,295</b>	<b>57,368</b>	<b>288,514</b>	<b>509,564</b>
<b>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>				
<i>Re measurement of the net defined benefit liability comprising:</i>				
Return on plan assets Actuarial gain/(loss)	0	0	0	0
Experience (gain)/loss on assets	65,180	(23,569)	0	*0
Experience (gain)/loss on liabilities	10,791	(371)	0	0
Actuarial (gain)/loss arising on changes in demographic assumptions	(35,075)	0	(92,423)	0
Actuarial (gain)/loss arising on changes in financial assumptions	284	39,348	108,006	298,642
<b>Total Pension Costs Recognised in Other Comprehensive Income and Expenditure</b>	<b>41,180</b>	<b>15,407</b>	<b>15,583</b>	<b>*298,642</b>
<b>Total Pension Costs Recognised in the Comprehensive Income and Expenditure Statement</b>	<b>90,475</b>	<b>72,775</b>	<b>304,097</b>	<b>808,206</b>
<b>MOVEMENT IN RESERVES STATEMENT</b>				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(49,295)	(57,368)	(288,514)	(509,564)
<b>Actual amount charged against the Police Fund Balance for pensions in the year:</b>				
Employers contributions payable to scheme	15,764	14,759	56,426	44,328
Retirement benefits payable to pensioners	0	0	5,088	5,482

\*Details relating to the restatement can be found in Note 1b

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

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

	CC		CC	
	LGPS		POLICE PS	
	£000		£000	
	2019/20	2018/19	2019/20	2018/19
Fair value of plan assets	642,552	677,351	0	0
Present value of the defined benefit obligation	(1,004,189)	(964,278)	(5,665,144)	(5,501,764)
<b>Pension asset/(liability) recognised on the Balance Sheet</b>	<b>(361,637)</b>	<b>(286,926)</b>	<b>(5,665,144)</b>	<b>(5,501,764)</b>

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

	CC	
	LGPS	
	£000	
	2019/20	2018/19
<b>Opening fair value of scheme assets</b>	<b>677,351</b>	<b>634,139</b>
Interest income	17,156	16,588
<i>Remeasurements gain / (loss)</i> The return on plan assets, excluding the amount included in the net interest expense	(65,180)	23,569
Contributions from employer	15,764	14,759
Contributions from employees into the scheme	7,972	7,548
Benefits paid	(10,511)	(19,251)
<b>Closing fair value of scheme assets</b>	<b>642,552</b>	<b>677,351</b>

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

	CC		CC	
	LGPS		POLICE PS	
	£000		£000	
	2019/20	2018/19	2019/20	2018/19
<b>Opening present value of scheme liabilities</b>	<b>(964,278)</b>	<b>(863,049)</b>	<b>(5,501,764)</b>	<b>(4,833,608)</b>
Current service cost	(41,536)	(34,115)	(121,475)	(96,514)
Interest cost	(24,184)	(22,403)	(135,884)	(128,626)
Contribution from scheme participants	(7,972)	(7,548)	(23,586)	(23,274)
<i>Remeasurement (gain) and loss:</i>				
Actuarial gain/(loss) arising from changes in demographic assumptions	35,075	0	92,423	0
Actuarial gain/(loss) arising from changes in financial assumptions	(284)	(39,348)	(108,006)	(298,642)
Actuarial gain/(loss) on liabilities - experience	(10,791)	371	0	0
Past service costs	(730)	(17,438)	(31,155)	(284,424)
Benefits paid	10,511	19,251	164,303	163,324
<b>Closing present value of scheme liabilities</b>	<b>(1,004,189)</b>	<b>(964,278)</b>	<b>(5,665,144)</b>	<b>(5,501,764)</b>

**Local Government Pension Scheme assets comprised:**

	2019/20		2018/19	
	£000	%	£000	%
Equities	497,978	77.5%	501,240	74.0%
Property	28,915	4.5%	31,836	4.7%
Government Bonds	61,685	9.6%	75,863	11.2%
Corporate Bonds	32,770	5.1%	27,094	4.0%
Cash	12,208	1.9%	15,579	2.3%
Other	8,996	1.4%	25,739	3.8%
<b>Total Assets</b>	<b>642,552</b>	<b>100.0%</b>	<b>677,352</b>	<b>100.0%</b>

**Basis for Estimating Assets and Liabilities**

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

The 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:

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

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

The sensitivity analyses 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:

	LGPS £000		POLICE PS £000	
	2019/20		2019/20	
	Increase in Assumption	Decrease	Increase in Assumption	Decrease
<i>Value of Liabilities:</i>				
With above assumptions	(1,001,907)	(1,001,907)	(5,665,144)	(5,665,144)
+0.1%		-0.1%	+0.1%	-0.1%
Rate for discounting scheme liabilities (+/- 0.1%)	(977,861)	(1,025,953)	(5,557,475)	(5,772,813)
Rate for increase in salaries (+/- 0.1%)	(1,005,915)	(997,899)	(5,685,459)	(5,644,829)
Rate for increase in pensions (+/- 0.1%)	(1,021,945)	(980,866)		
Rate for increase in inflation (+/- 0.1%)			(5,775,132)	(5,555,156)
+1 year		-1 year	+1 year	-1 year
Adjustment to mortality age (+/- 1 year)	(969,846)	(1,033,968)	(5,823,159)	(5,507,129)

**Impact on the Chief Constable'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 2020 (or services after 31 March 2021 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 Chief Constable's expected contribution to the schemes in 2020/21 is:

Police Pension Scheme £140.717m

Local Government Pension Scheme £18.724m

**Police Pension Regulations**

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

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

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

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

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

**Impact on Pension Liability**

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

The impact of an increase in scheme liabilities arising from the McCloud/Sergeant judgement will be measured through the pension valuation process, which determines employer and employee contribution

rates. The next Police Pension valuation is due to be reported in 2023/24, although this timetable is subject to change.

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

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

## **Note 12 – 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.

### **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 Chief Constable 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. The Group Accounts provides further information.



### Note 13 – YORKSHIRE AND THE HUMBER LEAD FORCE COLLABORATION

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

The governance of this regional programme of activity is via the Regional Collaboration Board.

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

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

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

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

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

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

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

### Note 14 – NPAS

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

The governance of NPAS is via the NPAS Strategic Board.

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

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

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

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

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

**WEST YORKSHIRE POLICE**

**PENSION FUND**

**STATEMENT**

**OF**

**ACCOUNTS 2019/20**

### POLICE OFFICER PENSION FUND ACCOUNT STATEMENTS

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

### NOTES TO THE POLICE OFFICER PENSION FUND

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

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

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



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

The Fund is administered by the Chief Constable, 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 Chief Constable and employees and any difference between benefits payable and contributions receivable is met by a 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.

## **ANNUAL GOVERNANCE STATEMENT FOR THE CHIEF CONSTABLE OF WEST YORKSHIRE POLICE**



This annual governance statement reflects the governance framework in place for the Chief Constable (CC) of West Yorkshire under the Police Reform and Social Responsibility Act 2011.

## Scope of Responsibility

The Chief Constable of West Yorkshire is responsible for maintaining the Queen's peace and has direction and control over the officers and staff operating within West Yorkshire Police. The Chief Constable holds office under the Crown and is appointed by the Police and Crime Commissioner for West Yorkshire (PCC), subject to confirmation by the Police and Crime Panel for West Yorkshire.

The Chief Constable has a professionally qualified Chief Financial Officer (CFO). Under the Police Reform and Social Responsibility Act 2011, the West Yorkshire Police CFO has a personal fiduciary duty by virtue of their appointment as the person responsible for the proper financial administration of West Yorkshire Police. This includes requirements and formal powers to safeguard lawfulness and propriety in expenditure (Section 114 of the Local Government Act 1988 as amended by paragraph 188 of Schedule 16 to the Police Reform and Social Responsibility Act 2011 ("2011 Act")). The Chief Constable's CFO is a key member of the Chief Constable's Chief Officer Team. The CFO is actively involved in, and able to bring influence to bear on, strategic business decisions of the Chief Constable to ensure immediate and longer term implications, opportunities and risks are fully considered. The CFO attends a monthly Joint Executive Group with the PCC and Chief Constable at which key strategic and joint decisions are taken and, on occasion, attends other weekly community outcome or bi-lateral meetings held between the Chief Constable and the PCC where the PCC holds the Chief Constable to account. The CFO leads the promotion and delivery by the Chief Constable of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively. The CFO ensures the finance function is resourced to be fit for purposes and oversees that appropriate management accounting systems, functions and internal controls are in place so that finances are kept under review on a regular basis.

Under S.35 of the 2011 Act in exercising their functions the Chief Constable must ensure that good value for money is obtained and this includes ensuring that persons under their direction and control obtain good value for money in exercising their functions. West Yorkshire Police (as a standalone entity) is legally required to produce an Annual Governance Statement. The Statement helps the PCC to hold the Chief Constable to account for efficient and effective policing. The Statement sits alongside the statutory accounts for the Chief Constable and gives assurance to the PCC of West Yorkshire Police's governance arrangements. In addition, the PCC produces its own Governance Statement.

## The Governance Framework

Although the Chief Constable is responsible for operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements for the governance of the Force, the PCC is required to hold the Chief Constable to account for the exercise of those functions and those of the persons under their direction and control. It therefore follows that the PCC must satisfy himself that the Force has appropriate mechanisms in place for the maintenance of good governance, and that these operate in practice.

This statement has been prepared to state West Yorkshire Police current governance arrangements, to report their effectiveness during the year and to outline future actions planned to further enhance arrangements. Part of the governance arrangements include the Force Accountability Meeting. This is attended by the Senior Managers in the organisation, representatives of the PCC from the Office of the PCC (OPCC) where the Chief Constable holds senior managers to account for performance and delivery against the Police and Crime Plan.

## Corporate Governance Reporting and Processes

The West Yorkshire Police Chief Officer Team, led by the Chief Constable, is responsible for ensuring West Yorkshire Police has a corporate governance framework that reflects the principles of openness, integrity, accountability and equality, and supports the delivery of quality policing.



The governance framework enables West Yorkshire Police to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services, including achieving value for money. An annual review of this framework takes place and appropriate improvements are made to ensure that it remains fit for purpose.

The Chief Officer Team attend a daily operational briefing to discuss performance with all District Commanders.

The Force carries out a monthly programme of Local Accountability Meetings where Chief Officers hold each District or Department to account for the delivery of their plan. West Yorkshire Police management devise a system of internal controls to help ensure that objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the assets and interests of the PCC are safeguarded.

## **Organisational Structures and Processes**

Decision making structures are well established and regularly reviewed to ensure they are fit for purpose. The West Yorkshire Police and Crime Plan sets out policing priorities, the resourcing of those priorities, and performance targets. It reflects the areas of greatest importance locally, identified through extensive consultation with the public, or where performance improvement is required. Our plan and our planning process are complementary to other partnership plans such as Community Safety Partnerships, Local Criminal Justice Board and Local Strategic Partnerships.

We will work closely with our partners in order to ensure consistency and alignment where possible. The Chief Constable holds monthly Senior Leadership Forums that are attended by the Force Chief Officer Team, District Commanders and Heads of Departments. These forums are used to consult on and develop policy and ensure the engagement of the senior managers of the organisation in change and develop their leadership skills. Police and Crime Plan objectives are cascaded throughout the organisation via Divisional and Departmental Plans and included as appropriate in Team Accountability Meetings (TAMs) and individual Accountability meetings (IAMS) and annual Performance Development Reviews (PDRs).

The PCC approves an annual budget for Force activity that is aligned to the Police and Crime Plan.

## **The risk management process by which the West Yorkshire Police identifies and seeks to prevent and mitigate key risks**

An infrastructure has been established to support the effective management of risk and ensure that information on risks is gathered and acted on in a consistent and efficient manner. Joint Independent Audit Committee members consider risk management reports helping to improve the adequacy and effectiveness of risk assessment, risk management and internal control.

The Risk Management Group annually review the Risk Management policy statement and policy guidance.

The Force recognises exposure to a wide and diverse range of risks and opportunities in securing the delivery of priorities and objectives. All employees, volunteers, contractors and partners are responsible for identifying and managing risks as part of their role and the Deputy Chief Constable (DCC), as corporate sponsor, ensures that risk management is supported and championed at Chief Officer Team level.

The risk management policy provides clear guidance by which the Force manages uncertainty in a structured and effective way. The risk management framework and infrastructure provide a solid foundation for risk management and standard for consistency ensuring that information on risks is gathered and acted upon in an efficient manner.

Risk management is fully embedded into the business planning process including operational performance reviews in order to identify the threat, harm and risk facing the Force in order to prioritise and identify areas which need resourcing.

The Risk Management Group, chaired by the DCC, meets quarterly to monitor changes to the Force risk profile and process. The Head of Risk Management and Insurance attends the meetings and reports as appropriate to the Chief Constable and to the Joint Independent Audit Committee. Risk management

awareness is included in the Force Induction Programmes and ongoing training and guidance is provided appropriate to the level of skill and expertise required through a variety of media.

### ***Business Continuity***

West Yorkshire Police has robust plans in place to ensure business continuity following incidents. The Business Continuity Co-ordinating Group, comprising of relevant Departmental Heads, will assist the Force Business Continuity Co-ordinator in developing the business continuity management process and respond to any business continuity crisis, as required.

### ***Insurance***

The PCC continues to maintain, develop and renew his insurance programme in order to minimise financial risks including an annual review of the personal insurance indemnity policy and standard operating procedure.

### ***Health and Safety***

West Yorkshire Police takes very seriously its responsibility for the health and safety of all who attend the premises where the business of West Yorkshire Police is conducted or are affected by our undertaking. The overall responsibility for health and safety matters rests with the Chief Constable, who ensures that effective procedures and processes are in place.

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

Financial instructions are reviewed and updated regularly to ensure they remain fit for purpose. Procedure notes and manuals are in place for all key systems and are reviewed regularly. The West Yorkshire Police Scheme of Delegation has been reviewed and sets out financial authorisation levels for police officers and staff throughout the organisation. A Medium Term Financial Strategy is in place and is fully linked to the organisation's strategic objectives. At an operational level, rigorous and regular budget monitoring takes place and a well-established fraud assurance programme is in place. Robust management of income collection and debt recovery continues.

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

Processes for ensuring compliance with relevant law and regulations are well established and work effectively. All reports to Chief Officer Team and Project Boards together with all reports presented to the PCC must consider legal implications.

A Regional procurement strategy is in place with regular procurement reporting to Regional and Force governance structures.

### **Determining the conditions of employment and remuneration of officers and staff, within appropriate national frameworks**

Processes for determining the conditions of employment and remuneration of officers and staff within appropriate national frameworks are well established. Modernisation of police pay reports go to Force Chief Officer Team detailing financial impacts, risks and progress to date. Regular equal pay reviews are undertaken and there is a focus on maintaining market competitive pay and benefits. The Force operates an approved job evaluation scheme based upon role profiles for each post. Regular strategic and local consultation is undertaken with staff associations and trades unions.

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

A Performance Development Review process exists that identifies, manages and monitors work related and personal development objectives for all Police Officers and Police Staff. Skills training programmes are available through the Force Training and Development Centre, The College of Policing and external suppliers where appropriate.

## 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.

The Chief Officer Team conduct monthly local accountability meetings in Districts and Departments. These are intended to discuss local issues and local performance with local staff. Below these meetings are a series of Team Accountability Meetings and Individual Accountability Meetings all of which are focussed on local issues and performance.

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

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

The PCC has made a commitment to putting things right and has a range of policies in order to deal with public complaints. Further resources are being devoted to casework and complaint handling with the creation of specific email addresses and briefing and decision templates to record the action taken by the PCC.

Complaint handling in WYP is monitored in regular meetings between the Head of Professional Standards Department and the Interim Chief Executive of the OPCC or the Independent Police Complaints Commissioner. Specific casework or complaint matters are raised in community outcome meetings between the Chief Constable and the PCC. Internal Audit continue to dip-sample complaint files and the PCC is represented on the Independent Advisory Group for the Professional Standards Department.

Matters that are contentious, repercussive or novel are raised in quarterly meetings of the PCC's Good Governance Group, which is chaired by the Interim Chief Executive.

## Role of the Chief Financial Officer in Local Government

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

The five key principles are that the CFO:

- Is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest

- Must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority's overall financial strategy
- Must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively
- Must lead and direct a finance function that is resourced to be fit for purpose
- Must be professionally qualified and suitably experienced.

The Chief Finance Officer 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.

## Standards of Behaviour

Codes of conduct are in place for police officers and police staff. Relevant officers in the Force are also subject to professional codes of conduct for their particular profession. At least once a year, the Force policy on professional standards is reviewed by the Professional Standards Department and assessed based on its effectiveness and discrepancies over that period. West Yorkshire Police expects all members of staff always to be honest, truthful and sincere. We will uphold, administer and enforce all laws without bias or prejudice in a just, consistent and reasonable manner.

## 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.

The extent of organisational change required to achieve the significant forecast budget reductions required means that the PCC and WYP will continue to face an environment of increased uncertainty and risk.

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

## Covid-19 Addendum

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

## Changes to Governance Arrangements

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

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



Responding to Covid-19 has required the Force to instigate emergency procedure, governed through the Gold Group command structure, to manage operational response, business continuity and risk across all functions, making decisions with regard organisational strategy, policy or procedural changes and assess the impact on West Yorkshire Police both in terms of operationally and for officers and staff.

Interim arrangements to replace standard governance structures during the Coronavirus pandemic have been agreed between the Chief Constable and the PCC. The Chief Constable is in regular contact with the PCC advising on how West Yorkshire Police is adapting and responding to the ongoing situation.

Risk management and Business Continuity plans were key in the Force's response to Covid-19. From early March, business continuity plans were reviewed and implemented where applicable, with scenario contingency planning daily to reflect the fast changing environment.

Through the Silver command governance structure, the Force established a COVID-19 specific risk register that continues to be reviewed and updated. Health and Safety requirements and concerns were also incorporated into the Silver command structure, both of which are reported into the Gold commander.

## Devolution

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

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

The Minister for Policing and Fire has requested that the Chief Constable and PCC review whether the timeframe is viable before a decision is taken in August. Work is ongoing within West Yorkshire Police and the Police and Crime Commissioner to ascertain whether it is possible to transfer in an effective and efficient manner prior to 2021.

Signed

*J Robins*

**John Robins**  
**Chief Constable**  
**West Yorkshire Police**  
30 November 2020

*N Brook*

**Nigel Brook**  
**Chief Constable's Chief Financial Officer**  
**West Yorkshire Police**  
30 November 2020

## GLOSSARY OF TERMS



### **Accounting Policies**

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

- Recognising
- Selecting measurement bases for and
- Presenting

Assets, liabilities, gains, losses and changes to reserves.  
Accounting policies do not include estimation techniques.

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

### **Actuarial Gains and Losses**

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

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

### **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.

### **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.

### **Commutated 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.

### **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 usually 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.

**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 Chief Constable will remain in operational 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.

**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.

**Comprehensive Income and Expenditure Statement**

A primary financial statement showing the cost of policing during the financial year.

**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).