



# WEST YORKSHIRE POLICE

## Statement of Accounts 2012/13

# CHIEF CONSTABLE FOR WEST YORKSHIRE POLICE

## STATEMENT OF ACCOUNTS 2012/13

	<b>Pages</b>
Certification by the Chief Finance Officer and Chief Constable	3
Audit Opinion	4 – 5
Statement of Responsibilities for the Statement of Accounts	6
Explanatory Foreword to the Statement of Accounts	7 – 9
Comprehensive Income and Expenditure Statement	10
Movement in Reserves Statements	11
Balance Sheet	11
Cash Flow Statement	11
Notes to the Core Financial Statements	12 – 32
Pension Fund Statement of Accounts	33 – 35
Annual Governance Statement	36– 41
Glossary of Terms	42 - 44

**CERTIFICATION**  
**BY THE**  
**CHIEF FINANCE OFFICER AND THE**  
**CHIEF CONSTABLE FOR WEST YORKSHIRE POLICE**

The Accounts and Audit (England) Regulations 2011, produced and enforceable under the Audit Commission Act 1998, require the Statement of Accounts to be signed by the officer responsible for the financial administration West Yorkshire Police, and by the person presiding at the meeting where the accounts are formally approved.

I certify that the Statement of Accounts set out on pages 10 to 35 represents a true and fair view of the financial position of the Chief Constable for West Yorkshire Police as at 31 March 2013, and its income and expenditure for the year ended 31 March 2013.



**Nigel Brook**  
Chief Finance Officer for the Chief Constable for West Yorkshire Police



**Mark Gilmore**  
Chief Constable for West Yorkshire Police



## **Independent auditor's report to the Chief Constable of West Yorkshire**

We have audited the financial statements of the Chief Constable of West Yorkshire for the year ended 31 March 2013 on pages 10 to 35. 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 2012/13.

This report is made solely to the Chief Constable in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to the Chief Constable those matters we are required to state 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 for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Chief Finance Officer and auditor**

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, 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, and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Chief Constable's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2013 and of the Chief Constable's expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

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

The Code of Audit Practice 2010 for Local Government Bodies requires us to report to you if:

- the annual governance statement set out on pages 36 to 41 does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- the information given in the Explanatory Foreword for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- any matters have been reported in the public interest under section 8 of Audit Commission Act 1998 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under section 11 of the Audit Commission Act 1998; or
- any other special powers of the auditor have been exercised under the Audit Commission Act 1998.

We have nothing to report in respect of these matters

### **Other matters on which we are required to conclude**

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are also required by the Audit Commission's Code of Audit Practice to report any matters that prevent us being satisfied that the audited body has put in place such arrangements.

We have undertaken our audit in accordance with the Code of Audit Practice and, having regard to the guidance issued by the Audit Commission, we have considered the results of the following:

- our review of the annual governance statement;
- the work of other relevant regulatory bodies or inspectorates, to the extent the results of the work have an impact on our responsibilities; and
- our locally determined risk-based work on aspects of financial planning and governance arrangements.

As a result, we have concluded that there are no matters to report.

### **Certificate**

We certify that we have completed the audit of the financial statements of the Chief Constable of West Yorkshire in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice 2010 for Local Government Bodies issued by the Audit Commission.



**Paul Lundy**  
**for and on behalf of KPMG LLP, Appointed Auditor**

*Chartered Accountants*

KPMG,  
1 The Embankment,  
Leeds,  
West Yorkshire  
LS1 4DW  
30 September 2013

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

The Chief Constable for West Yorkshire Police 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 for the Chief Constable for West Yorkshire Police in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy/Local Authority (Scotland) Accounts Advisory Committee Code of Practice on Local Authority Accounting in the UK ('the Code of Practice').

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 of Practice;
- approved proper accounting procedures and records which were maintained and kept up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

## **EXPLANATORY FOREWORD TO THE STATEMENT OF ACCOUNTS**

### **INTRODUCTION**

These accounts set out the overall financial position of the Chief Constable of West Yorkshire for the year ended 31 March 2013.

2012/13 has been an important year for policing with the introduction of the Police Reform and Social Responsibility Act 2011. This brought a significant change in the way the police in England and Wales are governed and held accountable with the introduction of two entities, the Police and Crime Commissioner for West Yorkshire, which replaced the Police Authority, and the Chief Constable of West Yorkshire. The Chief Constable of West Yorkshire is a 100% subsidiary of the Police and Crime Commissioner for West Yorkshire.

The role of Police and Crime Commissioner is to hold the Chief Constable to account for the exercise of the operational policing duties under the Police Act 1996, thereby securing the maintenance of an efficient and effective police service in West Yorkshire. This foreword provides an overview of the new accounting arrangements and outlines the financial performance of the Chief Constable during 2012/13.

### **1 The Statement of Accounts**

The 2012/13 Statement of Accounts are prepared and presented using The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Accounts reflect the current legislative framework as well as the local arrangements operating in practice.

The financial statements for the Chief Constable required under the Code consist of:

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

This being the first year of accounting for the Chief Constable means that no comparative figures are required to be disclosed in the Accounts or notes in accordance with the Codes requirements.

### **2 Impact of the current economic climate on the Group**

The Police Grant Settlement for 2013/14 reduced formula grant to local policing bodies by 1.6% on a like for like basis compared with 2012/13. This is a reduction of £5.3m for West Yorkshire. Floor damping reduced the raw formula grant allocation by some £5.4m. The former Neighbourhood Policing Fund (NPF) specific grant of £14.9m was rolled into general police grant in 2013/14. A number of funding streams relating to crime, drugs and community safety estimated at around £5.8m were amalgamated into one Community Safety Fund. West Yorkshire's allocation is £5.3m for 2013/14.

The Council Tax Freeze Grant for 2011/12 (£2.2m) will continue to be paid in each year of the spending review period. The grant of £2.7m paid for the freeze in 2012/13 dropped out in 2013/14 as anticipated.

As a consequence of the significant and ongoing reductions resulting from the spending review, a major programme of organisational change has been implemented which aims to protect frontline services as far as possible, while making savings in support functions.

### 3 **Financing and Performance against Budget**

The following statement compares main items of actual expenditure and income with the approved Revised Estimate for 2012/13:-

	<b>Revised Estimate £'000</b>	<b>Actual £'000</b>	<b>Variation £'000</b>
<b>GROUP NET SERVICE EXPENDITURE</b>			
Net Cost of Police Services	413,879	390,111	23,768
OPCC	1,761	1,644	117
	<u>415,640</u>	<u>391,755</u>	<u>23,885</u>
Interest Payable	4,784	4,152	632
Other Operating Costs	(34)	(34)	0
<b>GROUP NET EXPENDITURE</b>	<b><u>420,390</u></b>	<b><u>395,873</u></b>	<b><u>24,517</u></b>
Less: Use of Reserves			
Regional Working Reserve	0	(58)	58
Devolution Reserve	0	(2,000)	2,000
VIPER Reserve	(1,000)	(1,000)	0
Body Armour Reserve	(1,660)	(1,660)	0
Add: Contribution to Reserves			
Regional Working Reserve	0	131	(131)
Devolution Reserve	0	4,117	(4,117)
VIPER Reserve	0	433	(433)
PFI Reserve	0	3,200	(3,200)
Capital Financing Reserve	0	1,935	(1,935)
PNLD Reserve	0	492	(492)
Contribution / (Use of Balances)	(6,000)	10,267	(16,267)
<b>TOTAL GROUP NET EXPENDITURE</b>	<b><u>411,730</u></b>	<b><u>411,730</u></b>	<b><u>0</u></b>
<b>FINANCING</b>			
Police Grant	179,315	179,315	0
RSG	2,727	2,727	0
NNDR	140,693	140,693	0
Precept	88,995	88,995	0
<b>TOTAL GROUP FINANCING</b>	<b><u>411,730</u></b>	<b><u>411,730</u></b>	<b><u>0</u></b>

The final approved Revenue Budget for 2012/13 was £411.730m. The provisional outturn is expenditure of £395.873m, an underspending of £24.517m. Of this underspend, £10.267m has been earmarked for transfer to General Balances to assist with balancing future years budgets, £3.2m to transfer to the PFI sinking fund to assist in overall budget reductions in the medium term and £4.0m to be transferred to the Devolution Reserve to fund 2013/14 carry forward bids and spending pressures. This leaves the Force with a balance of underspend of £5.390m before any further transfers to reserves.

The overall underspend outturn position can be summarised as follows:

• Police Pay	£5.748m
• Police Staff Pay	£3.610m
• Overtime	£0.859m
• Devolved and Delegated non pay Expenditure	£7.290m
• Devolved and Delegated Income	£0.238m
• Non Devolved and Delegated Income and Expenditure	£6.772m

**4 Corporate Governance Statement**

The Accounts and Audit Regulations 2012 require that the Annual Governance Statement accompanies the Statement of Accounts. As permitted the Chief Constable has elected to continue to publish the Annual Governance Statement with the Statement of Accounts in a single document. The statement is a statutory document which explains the governance processes and procedures in place to enable West Yorkshire Police to carry out its functions effectively. The Annual Governance Statement highlights the internal control environment, comments on its effectiveness and identifies issues for future work.

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

During 2012/13 the Group became the lead local policing body for the National Police Air Service (NPAS).

The primary objective of the NPAS project is to deliver a national service that provides the police service with capability from the air that maximises the benefits of air support to the delivery of frontline services, is achieved at lower cost than the current service (which is managed at a local level), is an integrated part of the wider policing strategy and harnesses innovation in the aviation sector for the benefits of policing.

The NPAS service is being rolled out across the country on a phased basis which commenced in October 2012. West Yorkshire Police will join the service on 1 April 2013. It is anticipated that the full roll out will be complete by January 2014.

**6 Material Events after the reporting date.**

The Financial Statements were authorised for issue by the Chief Finance Officer on 16<sup>th</sup> September 2013. All events relevant to the financial year ended 31 March 2013 have been taken into consideration up to this date and where material recognised in the Statement of Accounts. There can be no reasonable expectation that events after this date could have been taken into account by the Group.

**13 Further Information**

Further information about the accounts is available from:

Nigel Brook  
Chief Finance Officer  
West Yorkshire Police HQ  
Laburnum Road  
Wakefield.  
West Yorkshire  
Telephone 01924 375222

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

	<u>2012/13</u>		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Local Policing	0	0	0
Dealing with the Public	0	0	0
Criminal Justice Arrangements	0	0	0
Roads Policing	0	0	0
Specialist Operations	0	0	0
Intelligence	0	0	0
Specialist Investigations	0	0	0
Investigative Support	0	0	0
National Policing	0	0	0
Corporate and Democratic core	0	0	0
Non Distributed costs	0	0	0
Pension Costs Past Service Costs	0	0	0
<b>Net cost of policing services</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other operating expenditure			0
Financing and investment income and expenditure			0
Taxation and non-specific grant income			0
<b>(Surplus) or Deficit on Provision of Services</b>			<b>0</b>
(Surplus) or deficit on revaluation of Property, Plant and Equipment assets			0
(Surplus) or deficit on revaluation of available for sale financial assets			0
Actuarial (gains)/losses on pension assets/liabilities			0
<b>Other Comprehensive Income and Expenditure</b>			<b>0</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>0</b>

The Chief Constable does not have any income or expenditure for the year ended 31 March 2013. All payments are made by the Police Fund which is held by the Police and Crime Commissioner for West Yorkshire. All income and funding received by the Group is managed by the Police and Crime Commissioner for West Yorkshire. The Group Comprehensive Income and Expenditure Statement which reflects the income and expenditure for the year can be seen within the Group Accounts.

### **Movement in Reserves Statement**

This statement shows the movement in the year on the different reserves. The Chief Constable does not hold any reserves and therefore has a nil balance on his Movement in Reserves Statement. All reserves for the Group are managed by the Police and Crime Commissioner for West Yorkshire and can be seen within the Group Accounts.

### **Balance Sheet**

The Balance Sheet sets out the assets, liabilities and reserves at the year end. The Chief Constable does not hold any assets, liabilities, or reserves and therefore has a nil balance on his Balance Sheet. All assets, liabilities and reserves for the Group are managed by the Police and Crime Commissioner for West Yorkshire and can be seen within the Group Accounts.

### **Cash Flow Statement**

The Chief Constable does not have any cash flows for the year ended 31 March 2013 as all payments were made from the Police Fund which is held by the Police and Crime Commissioner for West Yorkshire. All income and funding received by the Group is managed by the Police and Crime Commissioner for West Yorkshire. Cash flows for the Group can be seen within the Group Accounts.

---

**NOTES TO THE ACCOUNTS**

<b>NUMBER</b>	<b>DESCRIPTION</b>	<b>PAGE</b>
Note 1	ACCOUNTING POLICIES	13
Note 2	ASSUMPTIONS ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY	19
Note 3	EVENTS AFTER THE BALANCE SHEET DATE	19
Note 4	ANALYSIS OF EXPENDITURE	20
Note 5	AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS	22
Note 6	OFFICERS' REMUNERATION	23
Note 7	EXTERNAL AUDIT COSTS	24
Note 8	RELATED PARTIES	25
Note 9	DEFINED BENEFIT PENSION SCHEMES	26
Note 10	CONTINGENT LIABILITIES	31
Note 11	REGIONAL COLLABORATION	32

## **1 ACCOUNTING POLICIES**

### **1.1 General**

The Chief Constable of West Yorkshire Police (WYCC) is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 and those Regulations require that they are prepared in accordance with proper accounting practices.

These financial statements have been prepared in accordance with the Code of Practice 2012/13 (the Code) on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Accounts and Audit Regulations 2011 and the Service Reporting Code of Practice for Local Authorities 2012/13 (SeRCOP). The accounting policies contained in the Code apply International Financial Reporting Standards (IFRS) as adapted for the public sector by the International Public Sector Accounting Standards (IPSAS).

Where the code permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances for the purposes of giving a true and fair view has been selected

### **1.2 Convention**

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

### **1.3 Transfer of Functions from West Yorkshire Police Authority**

Following Royal Assent of the Police Reform and Social Responsibility Act 2011 the West Yorkshire Police Authority (WYPA) was replaced on 22 November 2012 with two corporations sole: the Police and Crime Commissioner for West Yorkshire and the Chief Constable of West Yorkshire Police (WYCC).

This involved a transfer of functions, but the essentials of the service delivery have been maintained.

Both bodies are required to prepare a separate Statement of Accounts. These financial statements are those of the Chief Constable of West Yorkshire Police, and cover the 12 months to the 31 March 2013.

The transfer from the Police Authority has been accounted for under the merger accounting provisions of the Code, and these financial statements are presented as if the functions had been performed by the Chief Constable for the whole of the year ending 31 March 2013. Comparatives presented are those reported for WYPA for 2011/12. No financial statements are presented for WYPA for any part of 2012/13.

The principal accounting policies adopted are set out below.

### **1.4 Accounting Principles**

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

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

Based on the statutory powers and responsibilities as designated by the Act, and the local agreements and practice in place, and taking account of the guidance included in the

---

Code, it has been determined that expenditure related to the Cost of Police Services is shown in the WYCC Comprehensive Income and Expenditure Statement, funded by an equal and opposite credit from the WYPCC. All income and funding and expenditure directly controlled by the WYPCC is shown in the WYCC Comprehensive Income and Expenditure Statement.

### ***Intra-Group Charges***

WYPCC makes charges to WYCC:

- for the use of Long Term Assets, equivalent to the debits made to the WYPCC CIES for the impairment, depreciation, amortisation and revaluation of the assets
- for the current service cost of providing retirement benefits to employees

WYCC makes charges to WYPCC:

- for the cost of policing services

## **1.5 New International Accounting Standards adopted for the first time in this financial period**

The Code requires adoption of amendments to *IFRS 7 Financial Instruments: Disclosures* with effect from 1 April 2012. These amendments are designed to allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

WYCC does not hold any financial instruments.

## **1.6 Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

In the application of the accounting policies, management is required to make judgements, estimates and assumptions about complex transactions or those involving uncertainty about future events.

There have been no changes in accounting policy relating to WYCC.

## **1.7 Accruals of Income and Expenditure**

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

- Fees and charges due are accounted for as income by the Group at the date the goods or services are provided.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Group Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

## **1.8 Provisions**

Provisions are made where an event has taken place that gives the Group an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. Provisions are recognised in the year the Group becomes aware of the obligation, based on the best estimate of the likely settlement. Where the provision is related to the Cost of Policing these are reflected in the Comprehensive Income and Expenditure Statement.

Where payments are eventually made, they are charge to the provision set up in the Group Balance Sheet. Estimated settlements are reviewed at the end of the financial year. Where it becomes more likely than not that a transfer of economic benefits are not required, the provision is reversed.

## **1.9 Exceptional Items**

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

## **1.10 Carbon Reduction Commitment Scheme**

The Group is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in its introductory phase which will last until March 2014. The Group is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability is discharged by surrendering allowances.

The cost to WYCC is recognised and reported in the cost of services, and is apportioned to services on the basis of energy consumption.

## **1.11 Grants and Contributions**

Whether paid on account, by instalments or in arrears, grants and third party contributions and donations are recognised by the Group as due when there is reasonable assurance that:

- The conditions attached to the payments is complied with; and,
- The grants or contributions is received.

Amounts recognised as due to WYPCC are not credited to the Group Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

## **1.12 Employee Benefits**

### **1.12.1 Benefits Payable during Employment**

Short-term employee benefits are those due to be settled 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 WYCC.

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Group Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### **1.12.2 Termination Benefits**

Termination benefits are amounts payable as a result of a decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy. They are charged on an accruals basis to the appropriate

---

service line in the Comprehensive Income and Expenditure Statement or, where applicable, to the Group Non Distributed Costs line in the Group Comprehensive Income & Expenditure Statement, when there is demonstrable commitment to the termination of the employment of an employee or group of employees or making an offer to encourage voluntary redundancy.

### 1.12.3 Post Employment Benefits

WYCC employees participate in three different pension schemes:

- The Local Government Pension Scheme (LGPS) for police staff employees. This is a funded, defined benefit scheme.
- Two Pension Schemes for police officers which are unfunded schemes. The 1987 Police Pension Scheme (PPS) was closed to new recruits from April 2006 when a new scheme was introduced with different contribution rates and benefits, the New Police Pension Scheme (NPPS).

The schemes provide defined benefits to members (retirement lump sums and pensions) earned as employees working for the group.

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. The main aspects of these policies are:

- 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 attributable assets of the LGPS are measured at fair value. This is based on the following:
  1. Quoted securities – by current bid price;
  2. Unquoted securities – by professional estimate;
  3. unitised securities – by current bid price;
  4. property – at market value;
- As unfunded schemes, the police pension schemes have no assets.

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 arising from current year decisions whose effect relates to years of service earned in earlier years, debited to the Surplus or Deficit on the Provision of Services in the Group Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
- Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid, debited to Financing and Investment Income and Expenditure line in the Group Comprehensive Income and Expenditure Statement;
- Expected return on assets – the annual investment return on the LGPS fund assets attributable to the Group, based on an average of the expected long term return, credited to the Financing and Investment Income and Expenditure line in the Group Comprehensive Income and Expenditure Statement;
- Gains/losses on settlements and curtailments – the result of actions to relieve the Group 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 Group 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 Group Pensions Reserve; and

- Contributions paid to the LGPS – cash paid as employers contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the Group Police Fund Balance to be charged with the amount payable by the Group to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards.

In the Group Movement in Reserves Statement, this means that there are appropriations to and from the Group Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Group Pensions Reserve thereby measures the beneficial impact to the Group Police Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

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

#### **1.12.4 Discretionary Benefits**

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

#### **1.13 Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply of service in accordance with the costing principles of the Service Reporting Code of Practice for Local Authorities 2012/13 (SeRCOP). The total absorption costing principle is used. The full cost of overheads and support services are shared between users in proportion to the benefits received.

#### **1.14 Interests in Companies and Other Entities**

##### **Jointly controlled Operations – Regional Working**

The Group engages in collaborative working in partnership with the Yorkshire and Humber PCCs/ Forces to deliver a number of specific services on a regional basis. The activities are undertaken under the joint control of the regional PCC's. The administration of activities is via the Regional Programme Team with the financial administration of regional budgets being led by WYPCC.

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

In respect of this jointly controlled operation, the single entity financial statements reflect the transactions that are relevant to each member of the group.

- The WYCC single entity financial statements show Regional income and expenditure within the service expenditure analysis apportioned under the relevant headings;
- WYPCC includes the West Yorkshire share of the Region as contained within the WYCC single entity accounts, within the group accounts; and,

- Memorandum Regional Accounts are included within the WYCC's single entity accounts and the Group accounts.

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

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

### **1.16 Events after the reporting period**

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

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

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

### **1.17 Exceptional items and prior period adjustments**

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

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

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

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

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

For 2012/13 the following accounting policy changes that need to be reported relate to:

- Amendments to IAS1: Presentation of financial statements (other comprehensive income, June 2011)
- Amendments to IFRS7: Financial Instruments: Disclosures (offsetting financial assets and liabilities, December 2011)
- Amendments to IAS12 Income Taxes (deferred tax: recovery of underlying assets, December 2010);
- Amendments to IAS19: Employee Benefits (June 2011); and,
- IFRS 3 Fair Value Measurement (May 2011).

**2** **ASSUMPTIONS MADE ABOUT THE 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 expenditure. Estimates and associated assumptions are made taking into account historical experience, current trends and other relevant factors, the results of which form the basis of making judgements amounts that are not readily apparent from other sources. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The estimates and assumptions are reviewed on an ongoing basis. Key areas of estimation uncertainty relate to Property Plant and Equipment and IAS 19 pension actuarial calculations.

These estimates do not affect the Chief Constables Accounts, items in the Group Balance Sheet for which there is a significant risk of material adjustment in the forthcoming financial year can be found within Note 4 of the Group Accounts.

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

The financial statements were authorised for issue by the Chief Finance Officer on 16th September 2013. All events relevant to the financial year ended 31 March 2013 have been taken into consideration up to this date and where material recognised in the Statement of Accounts. There can be no reasonable expectation that events after this date could have been taken into account by the Chief Constable for West Yorkshire Police.

---

**4 ANALYSIS OF EXPENDITURE**


---

**Service Expenditure Analysis**

The policing activities in the Comprehensive Income and Expenditure Statement (CIES) for the 12 months to 31 March 2013 are separately identified in accordance with the CIPFA Service Reporting Code of Practice (SeRCOP).

Within the Net Cost of Policing Services there are nine divisions of service under which expenditure is analysed as per the SeRCOP 2012/13. These figures include an overhead allocation on a consistent basis with other headings in the statement. The SeRCOP divisions of service and the activities which fall within these headings are listed below.

**Local Policing**

Neighbourhood Policing  
Incident / Response Management  
Community Liaison  
Local Command and Support Overheads

**Dealing with the Public**

Local Call Centres / Front Desk  
Central Communications Unit  
Contact Management Units  
Dealing with the Public Command and Support Overheads

**Criminal Justice Arrangements**

Custody  
Criminal Justice Arrangements  
Police National Computer (PNC)  
Criminal Records Bureau (CRB)  
Coroner  
Fixed Penalty  
Property Stores  
Criminal Justice Command and Support Overheads

**Road policing**

Traffic Units  
Vehicle Recovery  
Casualty Reduction

**Specialist operations**

Central Operations Command and Support Overheads  
Air Operations  
Mounted Police  
Underwater Search  
Dogs Section  
Level 1 Advanced Public Order  
Firearms Unit  
Civil Contingencies

**Intelligence**

Central Intelligence Command Team and Support Overheads  
Intelligence Analysis Threat Assessments  
Intelligence Gathering  
Covert policing

**Specialist Investigations**

Crime Support Command and Support Overheads  
Major Investigation Unit  
Economic Crime  
Serious and Organised Crime  
Public Protection  
Specialist Investigation  
Local Investigation / Prisoner Processing.

**Investigative Support**

Scenes of Crime  
External Forensic Costs  
Fingerprint / DNA Bureau  
Photographic Image Recovery  
Other Forensic Services  
Investigative Support Command and Support Overheads

**National Policing**

Secondments (out of force)  
Counter Terrorism  
Regional Policing  
ACPO Projects / Initiatives

<b>Service Expenditure Analysis</b>	<b>2012/13</b>
	<b>£000</b>
Local Policing	202,352
Dealing with the Public	36,244
Criminal Justice Arrangements	38,050
Roads Policing	23,005
Specialist Operations	29,015
Intelligence	20,302
Specialist Investigations	113,746
Investigative Support	16,217
National Policing	32,950
<b>COST OF POLICING WITHIN WEST YORKSHIRE</b>	<b>511,881</b>
Intra-group adjustment	(511,881)
<b>Net Cost of Policing Services</b>	<b>0</b>

The above table reflects the costs incurred by the Chief Constable for West Yorkshire in delivering a policing service on behalf of the Police and Crime Commissioner for West Yorkshire. These costs are broken down over the police service headings.

<b>Subjective Expenditure Analysis</b>	<b>2012/13</b>
	<b>£000</b>
Employee Costs	
Police Officer Costs	289,673
Police Staff Costs	111,851
Other Staff Costs	5,319
Premises Related Expenditure	31,822
Transport Related Expenditure	11,741
Supplies & Services	44,954
Third Party Payments	9,228
Capital Financing	7,293
<b>COST OF POLICING WITHIN WEST YORKSHIRE</b>	<b>511,881</b>
Intra-group adjustment	(511,881)
<b>Net Cost of Policing Services</b>	<b>0</b>

The above table reflects the same costs broken down over the subjective headings of providing a policing service.

As this is the first year of accounting for the Chief Constable there are no comparative figures included within the tables above. Prior year figures for the purpose of comparators can be found within the Group Comprehensive Income and Expenditure Statement within the Group Accounts.

## 5 AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

Decisions about resource allocation within West Yorkshire Police are made using internal management reports which show expenditure on a segmental basis. The segmental analysis is prepared using internal management reporting methodologies which in some cases are different from the accounting policies in the financial statements. In particular, charges for use of assets are not included in the management reports and the cost of retirement benefits is based on the cash flows rather than the current service cost of benefits accrued in the year.

The following table represent the Senior Management portfolios in place for the majority of 2012/13. However, these do change periodically and the budget reports are amended accordingly.

### Amounts Reported For Resource Allocation Decisions

Expenditure 2012/13	ACC	ACC	ACC	ACO	ACC	DCC	TOTAL £000
	Local Policing £000	Corporate Services £000	Operational Support £000	Specialist Crime £000	Finance & Business Services £000	Deputy Chief Constable £000	
Employee Expenses	243,611	7,353	53,198	48,943	13,382	9,133	375,620
Other Service Expenses	13,363	650	14,072	9,383	26,973	11,387	75,828
Support Service Recharges	171	2	24	30	2	19	248
<b>Total Expenditure</b>	<b>257,145</b>	<b>8,005</b>	<b>67,294</b>	<b>58,356</b>	<b>40,357</b>	<b>20,539</b>	<b>451,696</b>

### Reconciliation of Senior Management Portfolio Expenditure to Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures shown by Senior Management portfolios relate to the amounts included in the Comprehensive Income and Expenditure Statement:

	2012/13 £000
<b>Operating Expenses per Management Information</b>	<b>451,696</b>
Accounting Adjustments:	
Pensions & other adjustments	37,054
Asset charge	25,650
Reduction in unused employee benefits charge	(2,214)
Other	(305)
<b>Expenditure per Operating Cost Statement</b>	<b>511,881</b>

**6 OFFICERS' REMUNERATION AND EXIT PACKAGES**

Relevant police officers and senior police staff remuneration for the year ending 31 March 2013.

		Salary, Fees and Allowances £	Bonuses £	Pension Contribution £	Total £
Sir Norman Bettison (Chief Constable)	01.04.12- 24.10.12	158,843	0	0	158,843
John Parkinson (Temporary Chief Constable)	24.10.12- 31.03.13	71,924	0	2,527	74,451
Temporary Deputy Chief Constable	01.11.12- 31.03.13	53,376	0	1,992	55,368
Deputy Chief Constable	16.04.12- 23.10.12	73,982	0	17,055	91,037
Assistant Chief Constable (Specialist Crime)	01.11.12- 31.03.13	46,965	0	10,734	57,699
	01.04.12- 31.10.12	64,029	0	14,942	78,971
Assistant Chief Constable (Local Policing)	01.04.12- 31.03.13	102,025	0	23,420	125,445
Assistant Chief Constable (Operational Support)	01.04.12- 30.09.12	51,124	0	11,344	62,468
Assistant Chief Constable (Specialist Operations and NPAS)	01.10.12- 31.03.13	47,747	0	11,344	59,091
Assistant Chief Constable (Corporate Services)	15.10.12- 31.03.13	48,465	0	10,490	58,955
Assistant Chief Constable (Workforce Development and Standards)	23.04.12- 31.03.13	94,984	0	20,733	115,717
	01.04.12- 15.04.12	4,562	0	1,067	5,629
Assistant Chief Officer (Finance & Resources)	01.04.12- 31.03.13	104,009	0	11,071	115,080

Police officers and police staff receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) are detailed in the table below. This includes 427 officers below the rank of Chief Superintendent.

Remuneration Band	Number of Employees	Remuneration Band	Number of Employees
	2012/13		2012/13
£50,000 - £54,999	227	£90,000 - £94,999	4
£55,000 - £59,999	158	£95,000 - £99,999	4
£60,000 - £64,999	25	£100,000 - £104,999	2
£65,000 - £69,999	6	£105,000 - £109,999	1
£70,000 - £74,999	10	£110,000 - £114,999	1
£75,000 - £79,999	8	£125,000 - £129,999	1
£80,000 - £84,999	16	£155,000 - £159,999	2
£85,000 - £89,999	6		

The Group has paid a number of exit packages to employees which have been charged to the Cost of Policing Services within the Comprehensive Income and Expenditure Statement.

Exit Packages	Compulsory Redundancies 2012/13	Other Departures 2012/13	Total 2012/13	Exit Packages	Compulsory Redundancies 2012/13	Other Departures 2012/13	Total 2012/13
2012/2013	£	£	£	2012/2013	No	No	No
£0 - £20,000	23,573	301,427	325,000	£0 - £20,000	3	24	27
£20,001 - £40,000	58,010	597,192	655,202	£20,001 - £40,000	2	16	18
	81,583	898,619	980,202		5	40	45

The Group terminated the contracts of a number of employees in 2012/13, incurring liabilities of £0.6m. Severance payments totalling £0.052m were identified as being due in the early part of 2013/14 and were accrued in the Comprehensive Income and Expenditure Statement.

It should be noted that whilst the legal employment of police staff lies with the Police and Crime Commissioner, the Chief Constable has direction and control over them and therefore are included within the WYCC accounts and charges against the cost of policing within the Comprehensive Income and Expenditure Statement Statement.

## 7 EXTERNAL AUDIT COSTS

The WYCC has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and non-audit services provided by the external auditors.

	2012/13 £000
Fees payable to KPMG with regard to external audit services carried out by the appointed auditor for the year	30
<b>Total</b>	<b>30</b>

## RELATED PARTIES

The Group 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 Group or be controlled or influenced by the Group. Disclosure of these transactions allows readers to assess the extent to which the Group might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Group.

The Group has sound arrangements for internal control and corporate governance (including a scheme of delegation and purchase, contract and procurement regulations) which minimise the potential for a single member or officer to constrain the actions of the Group, and which seek to ensure that the Group obtains Value for Money in all transactions.

### **Relationship with Central Government Departments and other Public Bodies.**

Central Government has significant influence over the general operations of the Group – it is responsible for providing the statutory framework within which the Group operates, it provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the group has with other parties (e.g. Council tax bills). Grants received from government departments are set out in the subjective analysis in Note 30 of the Group Accounts on reporting for resource allocation decisions.

### **Other Local Authorities (including Other Police Bodies)**

Local Government provides a proportion of the funding for the Group. The Police and Crime Panel, which is the body that holds the Police and Crime Commissioner to account, is comprised of elected members from each of the Local Authorities in the area, and has specific responsibilities in relation to the Police and Crime Commissioner.

Details of precepts are set out in Note 11 of the Group Accounts. The amounts owing to and from Other Local Authorities at the Balance Sheet date are included in debtors (Note 16 of the Group Accounts) and creditors (Note 18 of the Group Accounts).

The former Police Authority received £0.3m to tackle youth crime and substance misuse in the West Yorkshire which was transferred to support Local Youth Offending Teams in each Local Authority area.

### **Key Management**

Key Management personnel within the Group are also classed as related parties. Key Management are considered to be the PCC, all chief officers, the Chief Executive and other persons having the authority and responsibility for planning, directing and controlling the activities of the Group, including the oversight of these activities.

Former Police Authority members had control over the Group's financial and operating policies up until 22 November 2012. Members' allowances are disclosed in Note 27 of the Group Accounts.

The former Police Authority was a member of the Association of Police Authorities (APA). Members and senior officers engaged with the APA on Authority business, and the Chair of the Police Authority was also the Chair of the APA. As a result of the Police and Crime Commissioner elections the subscription was terminated with no charge arising in the 2012/13 financial year (2011/12 £38k).

The Police and Crime Commissioner has subsequently become a member of the Association of Police and Crime Commissioners (APCC), the annual subscription being due in the 2013/14 financial year. During 2012/13 £60 was paid to the APCC for conference fees.

The former Chief Constable was, and Police and Crime Commissioner is, a trustee of the West Yorkshire Police Community Trust which is involved in the reduction of crime through community initiatives. Donations of £0.1m were made to the Trust during 2012/13 (£0.06m in 2011/12).

Senior officers are members of the Association of Chief Police Officers (ACPO) and engage with ACPO on force business. The Assistant Chief Officer, Finance and Business Services, was a Director during 2012/13 but has since resigned. The former Chief Constable was also a director of ACPO. During 2012/13 the Group incurred subscriptions and other costs of £0.089m (2011/12 £0.259m). There were no balances owing to the company at the year end (£0.002m owing in 2011/12).

Additionally, the Group purchased the services of, or made donation to, organisations in which members or senior officers had positions on the governing body. These included:

	<b>Expenditure 2012/13 (000s)</b>	<b>Amount outstanding 31.3.13 (000s)</b>	<b>Expenditure 2011/12 (000s)</b>	<b>Amount outstanding 31.3.12 (000s)</b>
Wakefield and District Housing	29	0	0	0
Castleford Heritage Trust	3	0	0	0
Castleford Academy	1	0	0	0

In all instances transactions were made with proper consideration of declaration of interest. The relevant members did not take part in any discussion or decision in relation to the transactions. Where appropriate, details of these transactions are recorded in the register of members interests or notification of disclosable interests.

Remuneration of Senior Management is disclosed in the Remuneration Report.

### **Pension Schemes**

Transactions with Pension Schemes are set out in Note 9 (Note 36 of the Group Accounts).

## **9 DEFINED BENEFIT PENSION SCHEMES**

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

The information presented below is for information purposes only as all pension liabilities are Group liabilities and can be found within the Group Balance Sheet contained within the Group Accounts.

The Group participates in three pension schemes administered by: the West Yorkshire Pension Fund for Staff Pensions, and Mouchel for Police Officer Pensions.

The Local Government Pension Scheme for Group Staff employees:

- This is a funded scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets.

There are two 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).

Both 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 Group now pays an employer's pension contribution into the Pension Fund Account in respect of both schemes.

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

**Transactions Relating to Post-employment Benefits**

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

The cost of retirement benefits is recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Group is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the Group Police Fund via the Group Movement in Reserves Statement. The following transactions have been made in the Group Comprehensive Income and Expenditure Statement, and the Group Police Fund Balance via the Group Movement in Reserves Statement during the year, (the Comprehensive Income and Expenditure Statement for WYCC receives a proxy charge from WYPCC for the current pension costs to reflect the full cost of policing within the year).

The following tables have been expanded to provide more detailed information.

**DEFINED BENEFIT PENSION SCHEMES**

<b>LOCAL GOVERNMENT PENSION SCHEME</b>			
<b>Charges to Comprehensive Income and Expenditure Statement</b>			
	<b>2012/13</b>		
	<b>Funded benefits</b>	<b>Unfunded benefits</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<i>Cost of services</i>			
Current service cost	17,820	0	17,820
Past service cost	360	0	360
<i>Financing and Investment Income and Expenditure</i>			
Interest cost	25,063	130	25,193
Expected return on assets	(24,431)	0	(24,431)
<b>Total charge to Provision of Services</b>	<b>18,812</b>	<b>130</b>	<b>18,942</b>
<i>Other Comprehensive Income and Expenditure</i>			
Actuarial gains/(losses)	(5,333)	202	(5,131)
<b>Total IAS 19 charge to CIES</b>	<b>13,479</b>	<b>332</b>	<b>13,811</b>
<b>Movement in Reserves Statement</b>			
	<b>2012/13</b>		
	<b>Funded benefits</b>	<b>Unfunded benefits</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Reverse charge to Provision of Services	(18,812)	(130)	(18,942)
<i>Amount charged against the Police Fund for pensions in the year:</i>			
Employer contributions payable to the scheme	10,163	0	10,163
Benefits paid direct to beneficiaries	0	200	200

**DEFINED BENEFIT PENSION SCHEMES**

<b>POLICE PENSION SCHEME</b>				
<b>Charges to Comprehensive Income and Expenditure Statement</b>				
	2012/13			
	Old Scheme £000s	Injury Awards £000s	New Scheme £000s	Total £000s
<i>Cost of services</i>				
Current service cost	64,912	3,522	8,623	77,057
Past service cost	0	0	0	0
<i>Financing and Investment Income and Expenditure</i>				
Interest cost	166,881	7,231	3,467	177,579
Expected return on assets	0	0	0	0
Total charge to Provision of Services	<b>231,793</b>	<b>10,753</b>	<b>12,090</b>	<b>254,636</b>
<i>Other Comprehensive Income and Expenditure</i>				
Actuarial gains/(losses)	327,710	18,744	27,934	374,388
Total IAS 19 charge to CIES	<b>559,503</b>	<b>29,497</b>	<b>40,024</b>	<b>629,024</b>

<b>Movement in Reserves Statement</b>				
	2012/13			
	Old Scheme £000s	Injury Awards £000s	New Scheme £000s	Total £000s
Reverse charge to Provision of Services	(231,793)	(10,753)	(12,090)	(254,636)
<i>Amount charged against the Police Fund for pensions in the year:</i>				
Employer contributions payable to the scheme	37,852	0	7,062	44,914
Benefits paid direct to beneficiaries	0	5,521	0	5,521

The cumulative amount of actuarial gains and losses recognised in the Group Comprehensive Income and Expenditure Statement to the 31 March 2013 is a loss of £369.257m.

**Assets and Liabilities in Relation to Post-employment Benefits**

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

<b>Reconciliation of the present value of the scheme liabilities</b>			
	2012/13		
<b>LOCAL GOVERNMENT PENSION SCHEME</b>	Funded benefits £000s	Unfunded benefits £000s	Total £000s
Opening present value of liabilities	(514,785)	(2,920)	(517,705)
Current service cost	(17,820)	0	(17,820)
Interest cost	(25,063)	(130)	(25,193)
Contributions by participants	(5,806)	0	(5,806)
Actuarial gains/(losses) on liabilities	(21,796)	(202)	(21,998)
Net benefits paid out	9,082	200	9,282
Past service cost	(360)	0	(360)
<b>Closing present value of liabilities</b>	<b>(576,548)</b>	<b>(3,052)</b>	<b>(579,600)</b>

<b>Reconciliation of the present value of the scheme liabilities</b>				
	2012/13			
<b>POLICE PENSION SCHEME</b>	Old Scheme £000s	Injury Awards £000s	New Scheme £000s	Total £000s
Opening present value of liabilities	(3,291,188)	(142,790)	(62,123)	(3,496,101)
Current service cost	(64,912)	(3,522)	(8,623)	(77,057)
Interest cost	(166,881)	(7,231)	(3,467)	(177,579)
Contributions by participants	(19,110)	0	(3,033)	(22,143)
Actuarial gains/(losses) on liabilities	(392,784)	(18,744)	(17,797)	(429,325)
Net benefits paid out	122,036	5,521	(42)	127,515
Past service cost	0	0	0	0
<b>Closing present value of liabilities</b>	<b>(3,812,839)</b>	<b>(166,766)</b>	<b>(95,085)</b>	<b>(4,074,690)</b>

Reconciliation of fair value of scheme (plan) assets:

<b>Reconciliation of the present value of the scheme assets</b>			
	2012/13		
<b>LOCAL GOVERNMENT PENSION SCHEME</b>	Funded benefits £000s	Unfunded benefits £000s	Total £000s
Opening fair value of asset	348,980	0	348,980
Expected return on assets	24,431	0	24,431
Actuarial gains/(losses) on assets	27,129	0	27,129
Contributions by employer	10,163	200	10,363
Contributions by participants	5,806		5,806
Net benefits paid out	(9,082)	(200)	(9,282)
<b>Closing fair value of assets</b>	<b>407,427</b>	<b>0</b>	<b>407,427</b>

Reconciliation of the present value of the scheme assets				
POLICE PENSION SCHEME	2012/13			
	Old Scheme £000s	Injury Awards £000s	New Scheme £000s	Total £000s
Opening fair value of asset	0	0	0	0
Expected return on assets	0	0	0	0
Actuarial gains/(losses) on assets	65,074	0	(10,137)	54,937
Contributions by employer	37,852	5,521	7,062	50,435
Contributions by participants	19,110	0	3,033	22,143
Net benefits paid out	(122,036)	(5,521)	42	(127,515)
<b>Closing fair value of assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Reconciliation of opening and closing surplus/(deficit)			
	2012/13		
	LGPS £000s	POLICE £000s	TOTAL £000s
Opening surplus(deficit)	(168,725)	(3,496,101)	(3,664,826)
Current service cost	(17,820)	(77,057)	(94,877)
Contributions by employer	10,363	50,435	60,798
Past service cost	(360)	0	(360)
Interest cost	(25,193)	(177,579)	(202,772)
Expected return on assets	24,431	0	24,431
Loss on curtailments	0	0	0
Actuarial gains/(losses)	5,131	(374,388)	(369,257)
<b>Closing surplus(deficit)</b>	<b>(172,173)</b>	<b>(4,074,690)</b>	<b>(4,246,863)</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields at the Balance Sheet date. Expected returns on equity investments reflect long-term rates of return experienced in the respective markets.

	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000
<b>Present value of liabilities:</b>					
Local Government Pension Scheme	(290,312)	(535,444)	(436,504)	(517,705)	(579,600)
Police Pension Scheme	(2,275,238)	(3,275,951)	(3,327,014)	(3,496,101)	(4,074,690)
Fair value of assets in the Local Government Pension Scheme	212,100	299,850	336,619	348,980	407,427
<b>Surplus/(deficit) in the scheme:</b>	<b>(2,353,450)</b>	<b>(3,511,545)</b>	<b>(3,426,899)</b>	<b>(3,664,826)</b>	<b>(4,246,863)</b>
Local Government Pension Scheme	(78,212)	(235,594)	(99,885)	(168,725)	(172,173)
Police Pension Scheme	(2,275,238)	(3,275,951)	(3,327,014)	(3,496,101)	(4,074,690)
<b>Total</b>	<b>(2,353,450)</b>	<b>(3,511,545)</b>	<b>(3,426,899)</b>	<b>(3,664,826)</b>	<b>(4,246,863)</b>

The liabilities show the underlying commitments that the Group has in the long run to pay post-employment retirement benefits. The total deficit of £4.247m has a substantial impact on the net worth of the Group, as recorded in the Group Balance Sheet, resulting in a negative overall balance of £4.162m. However, statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy:

- the deficit on the Local Government Scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary;
- finance is only required to be raised to cover Police Pensions when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the Group in the year to 31 March 2014 is £10.264m. Expected contributions for the Police Pension Scheme in the year to 31 March 2014 are £43.684m.

**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 is 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 both schemes were carried out as at 31 March 2013.

The principal assumptions used by the actuaries have been:

	Local Government Pension Scheme		Police Pension Scheme	
	2012/13	2011/12	2012/13	2011/12
<b>Long-term expected rate of return on assets in the scheme:</b>				
Equity investments	7.8%	8.1%		
Bonds	3.3%	3.4%		
Other	7.8%	8.1%		
<b>Mortality assumptions:</b>				
Longevity at 65(staff), 60(officers) for current pensioners:				
- Men	22.1	22.0	27.4	26.9
- Women	24.3	24.1	29.7	29.1
Longevity at 65(staff), 60(officers) for future pensioners:				
- Men	23.9	23.8	29.4	28.5
- Women	26.2	26.1	31.7	30.8
Rate of inflation RPI	3.7%	3.6%		
Rate of inflation CPI	2.8%	2.6%	2.4%	2.6%
Rate of increase in salaries	4.7%	5.1%	3.9%	4.1%
Rate of increase in pensions	2.8%	2.6%	2.4%	2.6%
Rate for discounting scheme liabilities	4.6%	4.8%	4.4%	5.1%
Take-up of option to convert annual pensions into retirement lump sum	50.0%	60.0%	50.0%	50.0%

The Police Pension Scheme has no assets to cover liabilities. The Local Government Pension Scheme consists of the following categories, by proportion to the total assets held:

	Local Government Pension Scheme	
	31 March 2013	31 March 2012
	%	%
Equity investment	70.9	71.1
Government bonds	12.4	12.6
Other bonds	6.0	5.4
Property	3.3	3.6
Cash/liquidity	2.9	2.8
Other	4.5	4.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

**History of Experience Gains and Losses**

The actuarial gains identified as movements on the Group Pensions Reserve in 2012/13 can be analysed into the following categories, measured as a percentage of assets or liabilities as 31 March 2013:

	2008/09	2009/10	2010/11	2011/12	2012/13
	%	%	%	%	%
Difference between the expected and actual return on assets	(32.3)	21.0	1.7	(5.6)	6.7
Experience gains and losses on liabilities	0.0	0.4	10.7	(0.3)	0.1

---

10 **CONTINGENT LIABILITIES**

**Regional Working - Employment of Staff**

The former Joint Committee of the four police authorities in Yorkshire and the Humber agreed to the adoption of a lead force model to provide managers and staff/officers engaged in regional working with consistent human resources policy and practices. South Yorkshire Police agreed to act as the lead force. Under this arrangement, the Police and Crime Commissioner for South Yorkshire now employs police staff on a permanent, substantive basis and police officers are seconded to South Yorkshire Police. The other local policing bodies within the Yorkshire and Humberside Region indemnify South Yorkshire to ensure that any costs are shared between them in the event of any employment tribunal or civil court claims related to regional employment.

**Regional Working – Lease of Premises**

Humberside is the lead local policing body and force for the Yorkshire Region on property matters and the Police and Crime Commissioner for Humberside holds an operating lease for property to be used under regional collaborative working. There is agreement within Yorkshire and the Humber to share in the future costs and other obligations relating to the lease.

**North East Counter Terrorism Unit – Lease of Premises**

The Police and Crime Commissioner holds a lease for premises occupied by the North East Counter Terrorism Unit, which is funded by specific grant from the Home Office. Withdrawal of that funding would result in an ongoing liability which would fall on West Yorkshire until such time as the lease could be terminated.

**Special Police Service Charges**

Leeds United Football Club were successful in a legal challenge relating to the level of Special Police Services charged for by West Yorkshire Police. An assessment of the amount due to the Club in respect of charges levied since 2009/10 has been paid and is included in the accounts for 2012/13. Final agreement has not yet been reached on costs.

**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. There will as a result be a reduction in both police officer and police staff numbers, to be managed predominantly through natural wastage and police staff voluntary redundancies. The Group has included an estimate of the costs of severance in its medium term financial forecast, to enable it to meet the liabilities as they fall due.

**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. Refer to Note 19 of the Group Accounts for further information.

**National Police Air Service**

West Yorkshire is the lead local policing body and force for the National Police Air Service. The provision of the service is governed by a National Police Collaboration Agreement which provides for all revenue costs incurred to be recovered from service users, including West Yorkshire. NPAS relies entirely upon government funding for the capital investment required to maintain the fleet and generate savings in operating costs. Any additional costs arising for whatever reason, whether change in government policy, additional regulatory requirements or withdrawal of capital funding leading to failure to achieve anticipated savings, should impact on West Yorkshire only to the extent of its own commitment to NPAS.

**11 REGIONAL COLLABORATION**

The impact of Regional Collaboration on the Group's Financial Statements is as follows:

- The Group has made a contribution of £4.7m to support regional working and this is included within Cost of Services in the Group Comprehensive Income and Expenditure Statement.
- The Group has made a contribution of £0.131m to an earmarked reserve at 31 March 2013. This represents the Group's underspend on its share of the regional budget and will be utilised to support regional working in future years.
- The regional costs included within the WYCC Comprehensive Income and Expenditure Statement are detailed below

**WEST YORKSHIRE POLICE**

**PENSION FUND**

**STATEMENT**

**OF**

**ACCOUNTS 2012/13**

## WEST YORKSHIRE POLICE

### PENSION FUND ACCOUNT STATEMENTS

2011/12 £'000		2012/13 £'000
	<b>CONTRIBUTIONS RECEIVABLE</b>	
(46,980)	Employer's Contributions	(44,914)
(600)	Early Retirements (Ill Health)	(1,435)
(20,822)	Officers' Contributions	(22,143)
	<b>TRANSFERS IN</b>	
(124)	Individual Transfers In from Other Schemes	(215)
(455)	Other – Inter Force Adjustments 1966 and 1974 Reorganisations	35
<b>(68,981)</b>	<b>TOTAL INCOME RECEIVABLE</b>	<b>(68,672)</b>
	<b>BENEFITS PAYABLE</b>	
88,811	Pensions	95,977
28,139	Commutations and Lump Sum Retirement Benefits	25,347
0	Lump Sum Death Benefits	260
	<b>PAYMENTS TO AND ON ACCOUNT OF LEAVERS</b>	
55	Refunds of Contributions	3
1,613	Individual Transfers Out to Other Schemes	2,023
<b>118,618</b>	<b>TOTAL EXPENDITURE PAYABLE</b>	<b>123,610</b>
49,636	NET AMOUNT PAYABLE FOR THE YEAR	54,938
(49,636)	ADDITIONAL CONTRIBUTION FROM EMPLOYER	(54,938)
<b>0</b>		<b>0</b>

## Notes to the Pension Fund Account

2011/12 £'000	NET ASSETS STATEMENT	2012/13 £'000
0	- Contributions Due From Employer	0
0	- Unpaid Pension Benefits	0
0	- Amount Owing From the Police Fund	0
0		0

### The Police Pension Scheme in England and Wales

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

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

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

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

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

The Net Asset Statement does not include liabilities to pay pensions and other benefits after the Group Balance Sheet date, see disclosure Note 9 of the Core Statements about the IAS19 liability.

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

On 21 November 2012 the West Yorkshire Police Authority (WYPA) was abolished and replaced by the Police and Crime Commissioner for West Yorkshire (PCC). This annual governance statement reflects both the WYPA governance framework and the new governance framework put in place for the Chief Constable of West Yorkshire for the year ended 31 March 2013.

### **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 Command Team. The CFO is actively involved in, and able to bring influence to bear on, all strategic business decisions of the Chief Constable to ensure immediate and longer term implications, opportunities and risks are fully considered. The CFO attends the weekly community outcome meetings held between the Chief Constable and the PCC which is a decision making forum at which 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 his functions the Chief Constable must ensure that good value for money is obtained and this includes ensuring that persons under his 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 Purpose of the Governance Framework**

The governance framework comprises the systems and processes, and culture and values by which the Chief Constable is directed and controlled and its activities through which it accounts to and engages with the community. It enables the Chief Constable to monitor the achievement of his strategic objectives and to consider whether these objectives have led to the delivery of appropriate, cost effective services, including achieving value for money. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Chief Constable's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.

## **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 him to account for the exercise of those functions and those of the persons under his 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 new governance arrangements include the Accountability Forum. This is attended by the Senior Managers in the organisation, the PCC and others from the Office of the PCC (OPCC) where the Chief Constable is held to account for performance and delivery against the Police and Crime Plan.

## **Corporate Governance Reporting and Processes**

Due to the introduction of the Police Reform and Social Responsibility Act 2011, governance arrangements have changed significantly in this reporting period. On 21 November 2012 the West Yorkshire Police Authority (WYPA) was abolished and replaced by the Police and Crime Commissioner for West Yorkshire.

The West Yorkshire Police Command 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 Force also carries out a programme of Operational Performance Reviews where each Chief Officer holds the Division 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 Leaders Forums which are attended by the Force Command Team, Divisional 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. Police and Crime Plan objectives are cascaded throughout the organisation via Divisional and Departmental Plans and included as appropriate in individual Performance Development Reviews (PDRs).

The PCC approves an annual budget for Force activity which 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.

The former police Authority's Audit and Risk Committee undertook the core functions of an Audit Committee and in line with CIPFA guidance considered issues in relation to internal control, risk management and treasury management, receiving regular reports from internal and external audit.

A Joint Independent Audit Committee has been in place since November 2012, providing independent assurance to both the PCC and the Chief Constable on the adequacy of the corporate governance and risk management arrangements and the associated control environment.

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 identifying and managing risks as part their role and the Deputy Chief Constable, as corporate sponsor, ensures that risk management is supported and championed at Command 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 Force maintains a hierarchy of risk registers for strategic, operational, project and programme risks which are subject to scrutiny by the Audit Committee.

The Risk Management Group, chaired by the Deputy Chief Constable, meets quarterly to monitor changes to the Force risk profile and process. The PCC has a risk champion who attends the meeting to maintain a strategic overview of risk management issues in the Force and report as appropriate to the 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 its 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 also 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. The Chief Finance Officer has statutory responsibilities in this regard, and Internal Audit provides an assurance function and an annual independent objective opinion on the control environment, comprising risk management, internal control and governance.

All reports to Command 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 Command 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 new streamlined Performance Development Review process has been introduced 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**

Objective and target setting in the Force is well established. Due regard has been taken of emerging stakeholder processes such as the development of the West Yorkshire Police and Crime Plan 2013-2018. This was developed through the PCC Listening to You Campaign.

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

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

---

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

Complaint handling in WYP is monitored in regular meetings between the Head of Professional Standards Department and the Chief Executive of the OPCC or the Independent Police Complaints Commissioner. Specific case work 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 which are contentious, repercussive or novel are raised in quarterly meetings of the Commissioner's Good Governance Group which is chaired by the Chief Executive.

### **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. For example the Chief Constables Chief Financial Officer is bound by the code of the Chartered Institute of Public Finance and Accountancy (CIPFA), of which he is a member.

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 to always be honest, truthful and sincere. We will uphold, administer and enforce all laws without bias or prejudice in a just, consistent and reasonable manner.

### **Review of Effectiveness**

The Chief Constable has responsibility for conducting a review of the effectiveness of the governance framework within WYP at least annually. This review is informed by the work of the Assistant Chief Officer (Finance and Business Services), the Head of Risk and Insurance and managers within the WYP who have responsibility for the development and maintenance of the governance environment. In preparing the Annual Governance Statement for 2012/13 the PCC has placed reliance on this review and the Annual Governance Statement of the WYP.

Internal Audit provided an independent opinion on the adequacy and effectiveness of the system of internal control and concluded that reasonable assurance can be given regarding the overall internal control environment but with limited assurance in some key areas.

In summary the most significant areas of concern identified by Internal Audit during 2012/13 relate to the following areas:

- Evidential Property
- Litigation Handling Processes
- Information Management

In relation to evidential property, this is an area which has caused concern over a number of years, and was regularly reported upon to the former WYPA Audit and Risk Committee. Internal Audit has been provided with assurances that weaknesses in the system and/or its operation are being addressed through reviews of both divisional and crime property systems within West Yorkshire Police and has included both pro-active and reactive work in this area in the 2013/14 audit plan.

In the Annual Audit Letter for 2011/12, the external auditor reported that he had issued an unqualified opinion on the Statement of Accounts and an unqualified conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in use of resources. He also reported that he had not identified any significant weaknesses in the Authority's internal control arrangements.

## Significant Governance Issues

Significant governance issues are defined as

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

In the face of a need to increase public confidence and trust in the governance and oversight of ethical and integrity issues, arising from internal and external scrutiny of policing activity, the PCC has instigated a strategic review of the arrangements for, and approach to, handling complaints and conduct matters within the WYP and the extent to which they support the West Yorkshire Police and Crime Plan 2013-2018.

The extent of organisational change required to achieve the significant forecast budget reductions required, together with the need to prepare for and implement the transfer of police staff from the employment of the PCC to that of the Chief Constable, 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.

Signed



Mark Gilmore  
Chief Constable West Yorkshire Police.



Nigel Brook  
Chief Constable's Chief Financial Officer

---

## 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.

### **Commuted Lump Sums**

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

### **Contingent Liabilities**

A contingent liability is either:

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

### **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.

**Depreciation.**

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

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

**Financial Year**

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

**IAS19**

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

**IFRS**

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

**Going Concern**

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

**Group**

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

**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.