



WEST YORKSHIRE POLICE

**Statement of Accounts
2014/15**

CHIEF CONSTABLE FOR WEST YORKSHIRE POLICE

STATEMENT OF ACCOUNTS 2014/15

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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 11 to 44 represents a true and fair view of the financial position of the Chief Constable for West Yorkshire Police as at 31 March 2015, and its income and expenditure for the year ended 31 March 2015.

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

Dee Collins
Temporary Chief Constable
West Yorkshire Police

Independent auditor's report to the members of 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 2015 on pages 11 to 44. 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 2014/15.

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 to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable 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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2015 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 2014/15.

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 45 to 50 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.

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

Chief Constable's responsibilities

The Chief Constable is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

We are required under Section 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. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

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

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

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Chief Constable has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, the Chief Constable of West Yorkshire put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

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.

Trevor Rees
for and on behalf of KPMG LLP, Appointed Auditor

Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

30 September 2015

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Chief Constable (CC) 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 CC 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

1 **The Statement of Accounts**

The 2014/15 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 CC required under the Code consist of:

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

The contents of these statements is explained below.

Movement in Reserves Statement

This statement shows the movement in the year on different reserves held by the CC.

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with IFRS.

Balance Sheet

The Balance Sheet shows the value as at 31 March 2015 of the assets and liabilities recognised by the CC. The net assets (assets less liabilities) are matched by the reserves held by the CC.

Cash Flow Statement

This statement shows the accounting transactions included within the net cost of services as required by IFRS. The balance is nil as all cash transactions are held and managed by the PCC.

2 **Impact of the current economic climate on the CC and Group**

A significant proportion of revenue funding is derived from the Home Office Police Grant and the DCLG Formula Grant. The national sums available and the distribution the Police and Crime Commissioner are determined by Central Government.

Although the Police and Crime Commissioner is able to supplement these sources of income through a precept on the Council Tax levied by the local authorities in West Yorkshire, the sum that can be obtained from this source is influenced by the requirement for the Police and Crime Commissioner to conduct his financial affairs in a prudent manner.

In 2014/15 increases in council tax above the government's excessiveness limit (2%) were subject to the requirement to hold a public referendum to determine whether the proposed increase had public support.

The Police and Crime Commissioner is able to generate additional income from provision of certain services to the public. However, many of the charges for such services are nationally determined.

The Government's Spending Review published in October 2010 reflected overall reductions in Government funding for police of 20% in real terms by 2014/15.

The Police Grant Settlement for 2014/15 reduced formula grant to local policing bodies by 4.8% on a like for like basis compared with 2013/14. This is a reduction of £15.3m for West Yorkshire.

Looking forward, the Police Grant Settlement for 2015/16 reduced formula grant to local policing bodies by 5.1% on a like for like basis compared with 2014/15. This is a reduction of £16.3m for West Yorkshire. The Government's spending review will be announced in the autumn and will detail the settlement for next five years. The Institute for Fiscal Studies provided analysis following the Chancellor's March 2016 Budget that suggests that cuts in the period 2016-2020 will be front loaded and will be deeper than have previously been imposed upon unprotected departments. Their interpretation also shows marginal growth in 2019/20.

As a response to the considerable and ongoing funding reductions resulting from the Spending Review the organisation has developed a significant organisational change programme. The programme not only focuses on savings, but also on transforming structures, systems and processes in order to improve performance and reduce cost.

Cost savings are still an essential priority however equally important is to improve performance and deliver the Police and Crime Plan to make communities safer and feel safer. The emphasis of the transformation programme will be on leaner leadership, a front line that is protected as far as possible and the introduction of the New Operating Model incorporating multi-agency, co-located Neighbourhood Management Teams.

The Programme aims to protect frontline services as far as possible, while making savings in support functions. This has involved rationalisation and merger of departments, developing the best workforce mix, focussing resources on threat, harm and risk, making processes leaner and more efficient and reducing overheads. This work continues under the strategic direction of the PCC.

The PCC agreed a revenue budget of £418.7m for 2014/15, which meant that the council tax at band D increased to £138.20.

At the end of 2014/15 the PCC's Police Fund balances stood at £26.2m, an increase of £5.7m on 2013/14. The increase is due to the net effect of savings made throughout the year, and transfers to earmarked reserves. During 2014/15 £5m was transferred to a new operational reserve to target key risk areas. This allocated additional one off funding for preventing and investigating Human Trafficking, Child Exploitation, Cyber Crime and historical unsolved murder and rape cases.

The PCC is required by law to maintain a prudent level of unearmarked reserves in order to meet unforeseen circumstances where no budget provision can reasonably be made. The current estimate of this minimum prudent level is around £8.7m. The PCC has agreed a prudent financial strategy to utilise surplus balances in a phased way over the medium term to fund organisational change costs and provide flexibility where necessary for future financial years.

3 **Financing and Performance against Budget**

The following statement compares main items of actual expenditure and income with the approved Revised Estimate for 2014/15:

	Revised Estimate	Actual	Variation
	£'000	£'000	£'000
GROUP NET SERVICE EXPENDITURE			
Net Cost of Police Services	395,868	391,370	4,498
OPCC Direction and Control	647	599	48
OPCC Corporate and Democratic Core	1,689	1,458	231
OPCC Partnership Initiatives	6,390	6,386	4
OPCC Partnership Initiatives (funded through reserves)	0	1,743	(1,743)
	404,594	401,556	3,038
Interest Payable	4,139	4,063	76
Other Operating Costs	4	4	0
GROUP NET EXPENDITURE	408,737	405,623	3,114
Less: Use of Reserves			
Force Transformation	0	(3,789)	3,789
Innovation, Income Generation and Investment	(250)	(250)	0
Devolvment Reserve	0	(4,200)	4,200
VIPER Reserve	(555)	0	(555)
PFI Reserve	(400)	0	(400)
Dilapidation Reserve	(170)	0	(170)
Organisational Change	(1,500)	0	(1,500)
Insurance Reserve	(600)	0	(600)
Community Safety Fund	(3,898)	(3,868)	(30)
Partnership Executive Group	(500)	0	(500)
Innovation, Income Generation and Investment	(30)	0	(30)
Operational Reserve	(400)	0	(400)
Add: Contribution to Reserves			
VIPER Reserve	360	351	9
PFI Reserve	576	1,385	(809)
Devolvment Reserve	701	4,801	(4,100)
Capital Financing Reserve	5,735	5,735	0
Operational Reserve	3,500	5,000	(1,500)
Regional Reserve	0	198	(198)
Organisational Change	0	1,900	(1,900)
Contribution / (Use of Balances)	7,373	5,793	1,580
TOTAL GROUP NET EXPENDITURE	418,679	418,679	0
FINANCING			
Police Grant	183,757	183,757	0
RSG	16,693	16,693	0
NNDR	135,099	135,099	0
Precept	83,130	83,130	0
TOTAL GROUP FINANCING	418,679	418,679	0

Police officer and police staff numbers have reduced more quickly than anticipated during the year, creating an underspend of around £5.6m.

Significant savings in non-pay budgets include £1.2m in vehicle fleet, largely attributed to reduced fuel costs further contributed to the underspend.

The £5.3m Community Safety Fund monies that had been allocated as a separate grant in previous years, was allocated in 2014/15 within the main Police Grant and held separately by the PCC. The whole of this funding was allocated to Community Safety Partnerships, Youth Offending Teams, Drug and Alcohol Teams and early intervention partners providing a joined up approach to realising the outcomes of the police and crime plan.

A further £0.774m was received from the Ministry of Justice (MOJ) for the PCC to for commissioning victim support services including restorative justice.

Additional reserves funding of £1.74 m was allocated to community safety initiatives.

4 Corporate Governance Statement

The Accounts and Audit (England) Regulations 2011 require that the Annual Governance Statement accompanies the Statement of Accounts. As permitted the CC 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.

6 Material Events after the reporting date

The Financial Statements were authorised for issue by the Chief Finance Officer on 23 September 2015. All events relevant to the financial year ended 31 March 2015 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 CC.

7 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

FINANCIAL STATEMENTS

Movement in Reserves Statement for the Chief Constable of West Yorkshire Police

	Police Fund Balance	Total Usable Reserves	Pension Reserve	Accumulated Absences Adjustment Account	Total Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2013	0	0	(4,244,229)	(12,365)	(4,256,594)	(4,256,594)
Movement in Reserves during 2013/14						
Surplus or (deficit) on the provision of services	(235,740)	(235,740)	0	0	0	(235,740)
Other Comprehensive Income and Expenditure	0	0	275,589	0	275,589	275,589
Total Comprehensive Income and Expenditure	(235,740)	(235,740)	275,589	0	275,589	39,849
Adjustments between accounting basis & funding basis under regulations	235,740	235,740	(235,164)	(576)	(235,740)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	0	0	40,425	(576)	39,849	39,850
Transfers (to)/from Earmarked Reserves	0	0	0	0	0	0
Increase/Decrease in 2013/14	0	0	40,425	(576)	39,849	39,850
Balance at 31 March 2014 C/fwd	0	0	(4,203,804)	(12,941)	(4,216,745)	(4,216,744)

Movement in Reserves Statement for the Chief Constable of West Yorkshire Police

	Police Fund Balance	Total Usable Reserves	Pension Reserve	Accumulated Absences Adjustment Account	Total Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2014	0	0	(4,203,804)	(12,941)	(4,216,745)	(4,216,745)
Movement in Reserves during 2014/15						
Surplus or (deficit) on the provision of services	(222,881)	(222,881)	0	0	0	(222,881)
Other Comprehensive Income and Expenditure	0	0	(47,111)	0	(47,111)	(47,111)
Total Comprehensive Income and Expenditure	(222,881)	(222,881)	(47,111)	0	(47,111)	(269,992)
Adjustments between accounting basis & funding basis under regulations (note 7)	222,881	222,881	(219,175)	(3,706)	(222,881)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	0	0	(266,286)	(3,706)	(269,992)	(269,992)
Transfers (to)/from Earmarked Reserves	0	0	0	0	0	0
Increase/Decrease in 2014/15	0	0	(266,286)	(3,706)	(269,992)	(269,992)
Balance at 31 March 2015 C/fwd	0	0	(4,470,090)	(16,647)	(4,486,737)	(4,486,736)

Comprehensive Income and Expenditure Statement for the Chief Constable of West Yorkshire Police

2013/14		2014/15		
Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000		£000	£000	£000
221,619	Local Policing	231,287	0	231,287
34,727	Dealing with the Public	33,222	0	33,222
37,110	Criminal Justice Arrangements	41,368	0	41,368
25,008	Roads Policing	7,934	0	7,934
32,081	Specialist Operations	15,595	0	15,595
24,751	Intelligence	21,766	0	21,766
117,344	Specialist Investigations	102,239	0	102,239
22,992	Investigative Support	21,801	0	21,801
54,852	National Policing	71,791	0	71,791
4,004	Non Distributed Costs	3,528	0	3,528
76	Pension Costs Past Service Costs	457	0	457
574,564	Net cost of policing services from continuing operations	550,988	0	550,988
18,761	Acquired operations			0
593,325	Net cost of policing services from total operations			550,988
(593,325)	Intra Group Funding			(550,988)
184,676	Pension net interest expense (note 13)			186,343
184,676	(Surplus) or Deficit on Provision of Services			186,343
(275,589)	Actuarial (gains)/losses on pension assets/liabilities (note 13)			47,111
(275,589)	Other Comprehensive Income and Expenditure			47,111
(90,913)	Total Comprehensive Income and Expenditure			233,454

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

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

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

This statement shows the accounting cost of providing a services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Taxation is raised by the PCC to cover expenditure in accordance with regulations, this may differ from the accounting cost. The inter-group funding line above represents the funding received from the PCC.

Balance Sheet for the Chief Constable of West Yorkshire Police

31 March 2014		31 March 2015
£000		£000
0	Non-current assets	0
0	Current assets	0
0	Total Assets	0
(12,941)	Short Term Creditors (note 10)	(16,647)
(12,941)	Current Liabilities	(16,647)
(4,203,803)	Net Pension Liability (note 13)	(4,470,090)
(4,203,803)	Long Term Liabilities	(4,470,090)
(4,216,744)	Net Assets	(4,486,737)
(4,203,803)	Pension Reserve (note 11)	(4,470,090)
(12,941)	Accumulated Absences Account (note 11)	(16,647)
(4,216,744)	Total Unusable Reserves	(4,486,737)

Cash Flow Statement for the Police and Chief Constable of West Yorkshire Police

2013/14		2014/15
£000		£000
0	Net (surplus) or deficit on the provision of services	0
0	Adjustments to net surplus or deficit on the provision of services for non-cash movements	0
0	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities.	0
0	Net Cash flows from Operating Activities	0
0	Investing Activities	0
0	Financing Activities	0
0	Net Increase or decrease in cash and cash equivalents	0
0	Cash and cash equivalents at the beginning of the reporting period	0
0	Cash and cash equivalents at the end of the reporting period	0

The CC does not have any cash flows for the year ended 31 March 2015. All payments were made from the Police Fund which is managed and held by the CC for West Yorkshire. Cash flows for the Group can be seen within the Group Accounts.

NOTES TO THE ACCOUNTS

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1 ACCOUNTING POLICIES

1.1 General

The Chief Constable of West Yorkshire Police (CC) 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 2014/15 (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 2014/15 (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 (PCC) and the Chief Constable of West Yorkshire Police (CC).

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 CC of West Yorkshire Police, and cover the 12 months to the 31 March 2015.

The CC was designated as a Local Authority under statute during 2013/14.

The principal accounting policies adopted are set out below.

1.4 Accounting Principles

Balance Sheet

On 22 November 2012, the assets, liabilities and reserves of WYPA were transferred directly to PCC and statutory and local arrangements and practice determine that the PCC continues to hold and maintain direct control of all the assets, liabilities and reserves at the balance sheet date.

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

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 all the assets, liabilities and reserves are recognised

on the PCC Balance Sheet other than liabilities relating to the staff and officers under the direction and control of the CC. These are recognised in the CC's balance sheet, although ultimate responsibility for the liability remains with the PCC Group.

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

As a result, working capital balances are shown on the balance sheet of the PCC.

Comprehensive Income and Expenditure Statement (CIES)

Under the Act, the CC is responsible for the day to day provision of the policing functions, including direction and control of police officers. To facilitate this, the PCC has delegated certain powers over authorisation of revenue expenditure within the agreed budget and direction and control over police staff to the CC's Assistant Chief Officer, 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 CC Comprehensive Income and Expenditure Statement, funded by an equal and opposite credit from the PCC. All income and funding and expenditure directly controlled by the PCC is shown in the PCC Comprehensive Income and Expenditure Statement.

Intra-Group Charges

PCC makes charges to CC:

- for the use of buildings a Building Running Costs charge
- for the current service cost of providing retirement benefits to employees

CC makes charges to PCC:

- 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 the following Accounting Standards in the 2014-15 accounts:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosures of Interest in Other Entities
- IFRS 27 Separate Financial Statements (as amended in 2011)
- IFRS 28 Investments in Associates and Joint Ventures (as amended in 2011)
- IAS 32 Financial Instruments: Presentation

These have been adopted, but have no impact on the Group Accounts.

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 CC.

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 PCC and 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 PCC and 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 CC and 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 CC and 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 PCC and 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 the CC's financial performance.

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

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 CCs' 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.

1.10 Carbon Reduction Commitment Scheme

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

and reported in the costs of the authority's services and is apportioned to services on the basis of energy consumption.

The cost to CC 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 PCC 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 wholly within 12 months of the year-end. They include such benefits as salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to CC.

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the Police Fund Balance to be charged with the amount payable by the Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

1.12.3 Post Employment Benefits

CC 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 the following components:

Service costs comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years, debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
- Net interest expense on the net defined benefit liability (asset) – the change during the period in the net defined liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- Return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset), charges to the Pension Reserve as Other Comprehensive Income and expenditure.
- Actuarial gains/losses - on settlements and curtailments – the result of actions to relieve the CC of liabilities or events that reduce the expected future service or accrual of benefits of employees, debited or credited to the Surplus or Deficit on the

Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs;

- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, charged to the Pensions Reserve as Other Comprehensive Income and expenditure.

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

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 Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the 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

CC 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 2014/15 (SeRCOP). The total absorption costing principle is used. The full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early.

This is accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

The accounts include support services recharged by Wakefield and Bradford Metropolitan District Councils and Mouchel on the basis of estimated time spent by officers on the various functions.

1.14 Interests in Companies and Other Entities

Parent and Subsidiary

The PCC has material interests in West Yorkshire Police that has the nature of a subsidiary controlled entity which requires the preparation of group accounts.

Jointly controlled Operations – Regional Working

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

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

One Force is nominated to provide particular services to the Region, charging the other Forces for the services provided. Accounting treatment therefore for the latter part of the 2013-14 financial year involves: West Yorkshire is the nominated Force for Serious and Organised Crime and Scientific Support Services.

- The CC single entity financial statements showing gross expenditure and associated income for provided services, within the service expenditure analysis apportioned under the relevant headings;
- CC includes the Debtor and Creditor Balances in the Balance Sheet;
- The Group Accounts show the net overall position.

1.15 Value Added Tax (VAT)

CC does not submit a VAT return as PCC submits a single VAT return on behalf of the Group. VAT is included in the CC 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 CC'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

The accounting standard and interpretation that have been issued but have yet to be adopted by the European Union are detailed below. They are not expected to impact on the Group's Financial Statements.

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosures of Interest in Other Entities
- IFRS 27 Separate Financial Statements (as amended in 2011)
- IFRS 28 Investments in Associates and Joint Ventures (as amended in 2011)
- IAS 32 Financial Instruments: Presentation

2 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires the CC 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 CC 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 23 September 2015. All events relevant to the financial year ended 31 March 2015 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 CC for West Yorkshire Police.

4 EXPLANATION OF ADJUSTMENTS FROM A PREVIOUS PERIOD

The Statement of Accounts for 2014/15 had been prepared following the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

5 ANALYSIS OF EXPENDITURE

Service Expenditure Analysis

The policing activities in the Comprehensive Income and Expenditure Statement (CIES) for the 12 months to 31 March 2015 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 2014/15. 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
ACPO Projects / Initiatives

2013/14	Service Expenditure Analysis	2014/15
£000		£000
	Employee Costs:	
298,801	Police Officer Costs	283,173
120,310	Police Staff Costs	107,117
10,267	Other Pay Costs	8,338
60,028	Premises Related Expenditure	35,228
28,576	Transport Related Expenditure	35,572
35,183	Supplies & Services	35,020
29,906	Third Party Payments	32,516
10,254	Capital Financing	14,024
593,325	COST OF POLICING WITHIN WEST YORKSHIRE	550,988
(593,325)	Intra-group adjustment	(550,988)
0	Net Cost of Policing Services	0

The above table reflects the Net Cost of Policing broken down over the subjective headings of providing a policing service.

These are the accounting costs in the year of providing a service in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

6 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 2014/15. However, these do change periodically and the budget reports are amended accordingly.

	ACC	ACC	ACC	ACC	ACO	DCC	
Expenditure 2014/15	Local Policing £000	Workforce Development £000	Specialist Operations	Specialist Crime	Finance & Business Services £000	Deputy Chief Constable £000	TOTAL £000
Employee Expenses	109,064	114,064	50,030	47,081	14,227	18,198	352,664
Other Service Expenses	1,727	4,959	11,180	10,855	47,508	16,356	92,585
Support Service Recharges	72	69	18	26	5	16	206
Total Expenditure	110,863	119,092	61,228	57,962	61,740	34,570	445,455

	ACC	ACC	ACC	ACC	ACO	DCC	
Expenditure 2013/14	Local Policing £000	Corporate Services £000	Operational Support £000	Specialist Crime £000	Finance & Business Services £000	Deputy Chief Constable £000	TOTAL £000
Employee Expenses	227,087	7,387	46,043	49,421	12,795	13,303	356,036
Other Service Expenses	12,564	713	10,184	10,139	25,589	28,005	87,194
Support Service Recharges	172	3	22	27	2	16	242
Total Expenditure	239,823	8,103	56,249	59,587	38,386	41,324	443,472

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:

	2014/15	2013/14
	£000	£000
Expenditure in the ACC analysis	445,455	443,472
Net Expenditure of Services and Support Services not included in the analysis	43,019	37,459
Amounts in the CIES not reported to management in the Analysis	125,863	165,092
Amounts included in the Analysis not included in the CIES	(63,349)	(52,698)
COST OF POLICING WITHIN WEST YORKSHIRE	550,988	593,325

Reconciliation to Subjective Analysis

This reconciliation shows how the figures shown by the Senior Management portfolios relate to a subjective analysis of the Surplus or Deficit on the provision of Services included in the Comprehensive Income and Expenditure Statement.

RESTATED 2014/15	ACC Analysis £000	Support Service not in Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in CIES £000	Total £000
Employee Expenses	352,664	20,749	3,706	(1,565)	375,554
Other Service Expenses	92,585	25,952	0	0	118,537
Support Service Recharges	206	(3,682)	0	0	(3,476)
Depreciation, Amortisation & Impairment	0	0	29,644	0	29,644
Interest Payments	0	0	0	0	0
Capital Financing	0	0	0	(9,200)	(9,200)
IAS 19 Adjustments	0	0	92,513	(52,584)	39,929
Total Expenditure	445,455	43,019	125,863	(63,349)	550,988

2013/14	ACC Analysis £000	Support Service not in Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in CIES £000	Total £000
Employee Expenses	356,036	14,626	577	0	371,239
Other Service Expenses	87,194	21,930	(5,651)	0	103,473
Support Service Recharges	242	903	0	0	1,145
Depreciation, Amortisation & Impairment	0	0	60,459	0	60,459
Interest Payments	0	0	0	0	0
Capital Financing	0	0	0	0	0
IAS 19 Adjustments	0	0	109,707	(52,698)	57,009
Total Expenditure	443,472	37,459	165,092	(52,698)	593,325

7 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the CC in the year in accordance with the proper accounting practice.

The following adjustments are for 2014/15

Pensions Reserve Adjustments: Reversal of items debited or credited to the CIES Employer's pensions contributions	(278,856) 59,681	(278,856) 59,681
Accumulated Absences Adjustment Account: Officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year	(3,706)	(3,706)
Total Adjustments	(222,881)	(222,881)

Usable Reserves	
Police Fund Balance	Movement in Usable Reserves
£'000	£'000
(278,856)	(278,856)
59,681	59,681
(3,706)	(3,706)
(222,881)	(222,881)

Unusable Reserves		
Pensions Reserve	Accumulated Absences Fund	Movement in Unusable Reserves
£'000	£'000	£'000
278,856 (59,681)	0 0	278,856 (59,681)
0	3,706	3,706
219,175	3,706	222,881

The following adjustments are for 2013/14

Pensions Reserve Adjustments: Reversal of items debited or credited to the CIES Employer's pensions contributions	(294,383) 59,219	(294,383) 59,219
Accumulated Absences Adjustment Account: Officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year	(576)	(576)
Total Adjustments	(235,740)	(235,740)

Usable Reserves	
Police Fund Balance	Movement in Usable Reserves
£'000	£'000
(294,383)	(294,383)
59,219	59,219
(576)	(576)
(235,740)	(235,740)

Unusable Reserves		
Pensions Reserve	Accumulated Absences Fund	Movement in Unusable Reserves
£'000	£'000	£'000
294,383 (59,219)	0 0	294,383 (59,219)
0	576	576
235,164	576	235,740

8 OFFICERS' REMUNERATION AND EXIT PACKAGES

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

CC 2014/15

Name	Period	2014/15	2013/14	2012/13	Total
Mark Gilmore Chief Constable	01.04.14-31.03.15	177,437	0	0	177,437
Dee Collins Temporary Chief Constable	20.06.14-31.03.15	129,194	0	26,041	155,235
Deputy Chief Constable	01.04.14-19.06.14	32,065	0	7,268	39,333
Temporary Deputy Chief Constable	23.06.14-31.03.15	100,454	0	17,831	118,285
Assistant Chief Constable (District Policing West)	01.04.14-22.06.14	22,331	0	5,218	27,549
Assistant Chief Constable (Specialist Crime)	01.04.13-17.08.14	39,822	0	8,685	48,507
Assistant Chief Constable (Protective Services - Crime)	01.04.14-31.03.15	106,838	0	23,947	130,785
Assistant Chief Constable (Protective Services - Ops)	01.04.14-31.03.15	107,713	0	23,496	131,210
Assistant Chief Constable (District Policing East)	01.09.14-31.03.15	59,952	0	13,501	73,452
Temporary Assistant Chief Constable (District Policing West)	23.06.14-31.03.15	82,035	0	16,707	98,742
Temporary Assistant Chief Constable (District Policing West)	05.01.15-29.03.15	15,539	0	3,284	18,824
Assistant Chief Constable (Programme of Change)	01.04.14-21.04.14	5,733	0	0	5,733
Assistant Chief Officer (Finance & Business Services) and Chief Finance Officer CC	01.04.14-31.03.15	107,098	0	11,308	118,407
TOTAL		986,211	0	157,288	1,143,499

CC 2013/14

Mark Gilmore Chief Constable	01.04.13-31.03.14	175,350	0	41,224	216,574
Deputy Chief Constable	06.01.14-31.03.14	33,905	0	7,834	41,739
Temporary Deputy Chief Constable	01.04.13-05.01.14	125,025	0	36,257	161,282
Assistant Chief Constable (Specialist Crime)	01.04.13-31.03.14	95,287	0	22,083	117,370
Assistant Chief Constable (Local Policing)	01.04.13-30.09.13	50,968	0	11,779	62,747
Assistant Chief Constable (District Policing East)	01.10.13-31.03.14	50,968	0	11,779	62,747
Assistant Chief Constable (Specialist Operations and NPAS)	01.04.13-31.03.14	98,345	0	22,820	121,165
Assistant Chief Constable (Operational Support)	01.04.13-30.09.13	49,149	0	11,410	60,559
Assistant Chief Constable (Programme of Change)	01.10.13-31.03.14	49,149	0	11,410	60,559
Assistant Chief Constable (Workforce Development and Standards)	01.04.13-30.09.13	48,841	0	11,410	60,251
Assistant Chief Constable (District Policing West)	01.10.13-31.03.14	48,841	0	11,410	60,251
Assistant Chief Officer (Finance & Business Services) and Chief Finance Officer CC	01.04.13-31.03.14	104,380	0	11,136	115,516
TOTAL GROUP		930,208	0	210,552	1,140,760

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

CC Remuneration Band	Number of Employees		CC Remuneration Band	Number of Employees	
	2014/15	2013/14		2014/15	2013/14
£50,000 - £54,999	34	13	£80,000 - £84,999	11	9
£55,000 - £59,999	35	24	£85,000 - £89,999	4	6
£60,000 - £64,999	11	9	£90,000 - £94,999	1	4
£65,000 - £69,999	11	9	£95,000 - £99,999	1	0
£70,000 - £74,999	5	4	£100,000 - £104,999	0	0
£75,000 - £79,999	1	5	£105,000 - £109,999	0	1

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

Exit Packages	Compulsory Redundancies	Other Departures	Total	Exit Packages	Compulsory Redundancies	Other Departures	Total
2014/2015	£	£	£	2014/2015	No	No	No
£0-£20,000	33,389	112,578	145,967	£0-£20,000	4	8	12
£20,001-£40,000	51,950	42,540	94,490	£20,001-£40,000	2	2	4
£40,001-£60,000	0	40,075	40,075	£40,001-£60,000	0	1	1
£60,001-£80,000	0	62,829	62,829	£60,001-£80,000	0	1	1
£80,001-£100,000	0	88,646	88,646	£80,001-£100,000	0	1	1
£100,001-£150,000	0	242,006	242,006	£100,001-£150,000	0	2	2
	85,339	588,674	674,013		6	15	21
2013/2014	£	£		2013/2014	No	No	No
£0-£20,000	44,103	110,408	154,511	£0-£20,000	3	10	13
£20,001-£40,000	30,615	85,942	116,557	£20,001-£40,000	1	4	5
£40,001-£60,000	52,357	101,805	154,162	£40,001-£60,000	1	2	3
	127,075	298,155	425,230		5	16	21

The CC terminated the contracts of a number of employees in 2014/15, incurring liabilities of £0.356m. (£0.332m in 2013/14). Severance payments totalling £0.056m were identified as being due in the early part of 2014/15 (£0.075m in 2013/14) and were accrued in the Comprehensive Income and Expenditure Statement.

9 EXTERNAL AUDIT COSTS

The CC 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.

	2014/15 £000	2013/14 £000
Fees payable to KPMG with regard to external audit services carried out by the appointed auditor for the year	30	30
Total	30	30

10 CREDITORS

The short term creditor balance of £16.647m (£12.941m 2013/14) relates to the liability for untaken leave and other accumulated absences due to staff at 31 March 2015.

11 USABLE RESERVES**Pensions Reserve**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. CC accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet costs. However, statutory arrangements require benefits earned to be financed as CC makes employer's contributions to pension funds or eventually pays pensions for which it is directly responsible. The debit balance on the Pension Reserve therefore shows substantial shortfall in the benefits earned by past and current employees and the resources CC has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2013/14 £000	Pensions Reserve	2014/15 £000
(4,244,229)	Balance at 1 April	(4,203,804)
275,589	Actuarial gains or losses on pensions assets and liabilities	(47,111)
(294,383)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(278,856)
59,219	Employer's pensions contributions and direct payments to pensioners payable in the year	59,681
(4,203,804)	Balance at 31 March	(4,470,090)

Accumulated Absences Adjustment Account

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

2013/14 £000	Accumulated Absences Adjustment Account	2014/15 £000
(12,365)	Balance at 1 April	(12,941)
12,365	Settlement or cancellation of accrual made at the end of the preceding year	12,941
(12,941)	Amounts accrued at the end of the current year	(16,647)
(576)	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(3,706)
(12,941)	Balance at 31 March	(16,647)

12 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 PCC to account, is comprised of elected members from each of the Local Authorities in the area, and has specific responsibilities in relation to the PCC.

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).

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.

The PCC is a member of the Association of Police and Crime Commissioners (APCC), the annual subscription paid in the 2014/15 financial year was £0.020m (2013/14 - £0.024m).

Senior officers are members of the National Police Chief's Council (NPCC, formerly ACPO) and engage with the NPCC on force business. The NPCC commenced on 1 April 2014, and no subscription was paid by the PCC and the Group during 2014/15 (2013/14 £0.141m paid to ACPO).

Remuneration of Senior Management is disclosed in the Remuneration Report.

Transactions with Pension Schemes are set out in Note 13 (Note 35 of the Group Accounts).

13 **DEFINED BENEFIT PENSION SCHEMES**

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

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 Staff under the direction and control of the CC:

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

	LOCAL GOVERNMENT PENSION SCHEME £000		POLICE PENSION SCHEME £000	
	2014/15	2013/14	2014/15	2013/14
	COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT			
Cost of Services				
<i>Service cost comprising:</i>				
Current service costs	17,120	20,592	74,936	89,039
Past service costs	457	76	0	0
(Gain)/loss from settlements	0	0	0	0
<i>Finance and Investment Income and Expenditure:</i>				
Net interest expense	4,260	7,645	182,083	177,031
Total Pension Costs Recognised in the Provision of Services	21,837	28,313	257,019	266,070
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement				
<i>Remeasurement of the net defined benefit liability comprising:</i>				
Return on plan assets Actuarial gain/(loss)	0	0	0	0
Experience (gain)/loss on assets	(28,513)	(2,129)	(60,936)	(54,241)
Experience (gain)/loss on liabilities	(2,386)	(18,956)	(611,925)	0
Actuarial (gain)/loss arising on changes in demographic assumptions	0	(18,701)	0	56,278
Actuarial (gain)/loss arising on changes in financial assumptions	78,507	(45,074)	672,364	(192,766)
Total Pension Costs Recognised in Other Comprehensive Income and Expenditure	47,608	(84,860)	(497)	(190,729)
Total Pension Costs Recognised in the Comprehensive Income and Expenditure Statement	69,445	(56,547)	256,522	75,341

MOVEMENT IN RESERVES STATEMENT				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(21,837)	(28,313)	(257,019)	(266,070)
Actual amount charged against the Police Fund Balance for pensions in the year:				
Employers contributions payable to scheme	10,620	9,794	44,261	44,636
Retirement benefits payable to pensioners	193	187	4,607	4,602

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

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

	LOCAL GOVERNMENT PENSION SCHEME £000		POLICE PENSION SCHEME £000	
	2014/15	2013/14	2014/15	2013/14
	Fair value of plan assets	481,124	428,324	0
Present value of the defined benefit obligation	(642,766)	(531,334)	(4,308,447)	(4,100,793)
Pension asset/(liability) recognised on the Balance Sheet	(161,643)	(103,011)	(4,308,447)	(4,100,793)

Reconciliation of the Movements in the Fair Value of Scheme Assets

	LOCAL GOVERNMENT PENSION SCHEME £000		PENSION SCHEME £000	
	2014/15	2013/14	2014/15	2013/14
	Opening fair value of scheme assets	428,324	401,193	0
Interest income	18,690	18,810	0	0
<i>Remeasurements gain / (loss)</i>				
The return on plan assets, excluding the amount included in the net interest expense	28,513	2,129	60,936	54,241
Contributions from employer	10,620	9,794	48,868	49,238
Contributions from employees into the scheme	6,154	5,827	23,670	23,358
Benefits paid	(11,178)	(9,429)	(133,474)	(126,837)
Closing fair value of scheme assets	481,124	428,324	0	0

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

	LOCAL GOVERNMENT PENSION SCHEME		PENSION SCHEME	
	£000		£000	
	2014/15	2013/14	2014/15	2013/14
Opening present value of scheme liabilities	(531,334)	(570,732)	(4,100,793)	(4,074,690)
Current service cost	(17,120)	(20,592)	(74,936)	(89,039)
Interest cost	(22,950)	(26,454)	(182,083)	(177,031)
Contribution from scheme participants	(6,154)	(5,827)	(23,670)	(23,358)
<i>Remeasurement (gain) and loss:</i>				
Actuarial gain/(loss) arising from changes in demographic assumptions	0	18,701	0	(56,278)
Actuarial gain/(loss) arising from changes in financial assumptions	(78,507)	45,074	(672,364)	192,766
Actuarial gain/(loss) on liabilities - experience	2,386	18,956	611,925	0
Past service costs	(457)	(76)	0	0
Benefits paid	11,371	9,616	133,474	126,837
Closing present value of scheme liabilities	(642,766)	(531,334)	(4,308,447)	(4,100,793)

Local Government Pension Scheme assets comprised:

	2014/15		2013/14	
	£000	%	£000	%
Equities	362,655	76.4%	327,232	75.6%
Property	19,937	4.2%	12,985	3.0%
Government Bonds	49,841	10.5%	44,150	10.2%
Corporate Bonds	21,835	4.6%	23,807	5.5%
Cash	9,968	2.1%	11,687	2.7%
Other	10,443	2.2%	12,985	3.0%
Total Assets	474,680	100.0%	432,846	100.0%

Basis for Estimating Assets and Liabilities

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

The Local Government Pension Scheme was assessed by AON Hewitt, and the Police Pension scheme by Mercers, both independent firms of actuaries. The most recent full actuarial valuations in respect of both schemes were carried out as at 31 March 2015.

The principal assumptions used by the actuaries have been:

	LOCAL GOVERNMENT PENSION SCHEME		POLICE PENSION SCHEME	
	2014/15	2013/14	2014/15	2013/14
<i>Mortality assumptions:</i>				
<i>Longevity at 65 (staff) 60 (officers) for current pensioners:</i>				
Men	22.6	22.5	28.1	28.0
Women	25.5	25.4	30.6	30.5
<i>Longevity at 65 (staff) 60 (officers) for future pensioners:</i>				
Men	24.8	24.7	30.6	30.4
Women	27.8	27.7	33.1	33.0
Rate of Inflation CPI	1.9%	2.4%	2.0%	2.4%
Rate of increase in salaries	3.4%	3.9%	3.5%	3.9%
Rate of increase in pensions	1.9%	2.4%	2.0%	2.4%
Rate for discount rate	3.3%	4.4%	3.2%	4.5%

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

The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method.

The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in previous periods.

Impact on the Defined Benefit Obligation in the Scheme

	LOCAL GOVERNMENT PENSION SCHEME £000		POLICE PENSION SCHEME £000	
	2014/15		2014/15	
	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
<i>Value of Liabilities:</i>				
With above assumptions	(642,766)	(642,766)	(4,308,447)	(4,308,447)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	+0.1%	-0.1%	+0.1%	-0.1%
	(625,849)	(654,961)	(4,225,445)	(4,391,449)
Rate for increase in salaries (increase or decrease by 0.1%)	(645,228)	(635,317)	(4,330,982)	(4,285,912)
Rate for increase in pensions (increase or decrease by 0.1%)	(650,213)	(630,432)		
Rate for increase in inflation (increase or decrease by 0.1%)			(4,393,225)	(4,223,669)
	+1 year	-1 year	+1 year	-1 year
Adjustment to mortality age (increase or decrease in 1 year)	(657,218)	(623,262)	(4,400,356)	(4,216,538)

Impact on the Group's Cash flows

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

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to services after 31 March 2015 (or services after 31 March 2016 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Groups expected contribution to the schemes in 2015/16 is:

Police Pension Scheme £109.767m

Local Government Pension Scheme £11.038m (The CC's share of the LGPS is approx. 97.06%)

14 **CONTINGENT LIABILITIES**

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 the lease is terminated during 2015/16.

Lease of Regional Premises

Humberside was the lead local policing body for the Yorkshire and Humber Region on property matters and the Police and Crime Commissioner for Humberside holds an operating lease for property which was utilised under regional collaborative working. The agreement between the regional PCC's is to share obligations relating to the lease. The lease will cease during 2015/16 with 25% of dilapidation costs falling to the liability of the PCC for West Yorkshire. It is not possible at this time to predict a value of the obligation.

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. At this time it is not possible to predict a value or timing of any obligation falling due.

Municipal Mutual Insurance (MMI)

The Group has taken professional advice on the amount to provide for the clawback from MMI, but there is potential for the eventual liability to exceed the amount provided for in the accounts. Note 19 of the Group Accounts provides further information.

Pension Commutation Factors

The Pensions Ombudsman has published his determination in a case concerning the lump sum paid to a firefighter on his retirement. The case will have relevance to many firefighters and police officers who retired in the early 2000s. The order governing the Firemen's Pension Scheme 1992 and regulations governing the Police Pension Scheme 1987 contain similar provisions relating to commutation, each requiring that the lump sum is calculated as the actuarial equivalent of the annual pension exchanged.

The commutation factors under the Fire and Police Schemes are reviewed from time to time in accordance with their governing legislation. The determination found that "an opportunity to review the commutation factors was lost in 2001/02 and then again between 2002 and 2004", resulting in less beneficial terms than would have been applied had the reviews taken place.

The Government will meet the immediate cost, for which the force has authority to make payments. Where overpayments are identified the Government has decided that it would be inappropriate to seek to recoup these. It is not known, nor can a reasonable estimate be made, of the level or timing of liabilities that may affect the police pension scheme.

WEST YORKSHIRE POLICE

PENSION FUND

STATEMENT

OF

ACCOUNTS 2014/15

WEST YORKSHIRE POLICE
PENSION FUND ACCOUNT STATEMENTS

2013/14 £'000		2014/15 £'000
	CONTRIBUTIONS RECEIVABLE	
(43,202)	Employer's Contributions	(41,608)
(1,434)	Early Retirements (Ill Health)	(2,785)
(23,358)	Officers' Contributions	(23,671)
	TRANSFERS IN	
(1,119)	Individual Transfers In from Other Schemes	(905)
(69,113)	TOTAL INCOME RECEIVABLE	(68,969)
	BENEFITS PAYABLE	
100,884	Pensions	105,493
20,934	Commutations and Lump Sum Retirement Benefits	21,276
217	Lump Sum Death Benefits	263
	PAYMENTS TO AND ON ACCOUNT OF LEAVERS	
0	Refunds of Contributions	9
1,315	Individual Transfers Out to Other Schemes	2,886
123,350	TOTAL EXPENDITURE PAYABLE	129,927
54,237	NET AMOUNT PAYABLE FOR THE YEAR	60,958
(54,237)	ADDITIONAL CONTRIBUTION FROM EMPLOYER	(60,958)
0		0

Notes to the Pension Fund Account

2013/14 £'000	NET ASSETS STATEMENT	2014/15 £'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 11 of the Core Statements about the IAS19 liability.

YORKSHIRE AND
THE HUMBER
LEAD FORCE
COLLABORATION

REVENUE
ACCOUNT

2014/15

EXPLANATORY FOREWORD TO THE STATEMENT OF ACCOUNTS

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

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

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

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

West Yorkshire	42.28%
South Yorkshire	25.76%
North Yorkshire	14.13%
Humberside	17.83%

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

In accordance with proper accounting practice, the Group has accounted for the regional collaboration arrangement by accounting for all the income and expenditure for the activity and recognises income in the form of contributions from partners will largely only apply where the partners have secured neither joint control of the overall activity nor rights to particular assets or obligations for particular liabilities – ie the other parties are only interested in the lead authority delivering the outcomes it has agreed to provide.

YORKSHIRE AND HUMBER REGIONAL COLLABORATION
REVENUE ACCOUNT FOR THE PERIOD
1 APRIL 2014 TO 31 MARCH 2015

2013/14 £000		2014/15 £000
	EXPENDITURE	
8,799	Staff Costs	21,626
437	Property Related Expenses	966
4,090	Supplies and Services	9,722
406	Transport Related Expenses	729
13,732		33,043
	INCOME	
2,572	Other Income	4,344
11,253	Contributions	29,212
13,825		33,556
93	(DEFICIT)/SURPLUS IN YEAR	513

NPAS

REVENUE
ACCOUNT

2014/15

EXPLANATORY FOREWORD TO THE STATEMENT OF ACCOUNTS

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.

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

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

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

<p>NPAS</p> <p>REVENUE ACCOUNT FOR THE PERIOD</p> <p>1 APRIL 2014 TO 31 MARCH 2015</p>

2013/14 £000		2014/15 £000
	EXPENDITURE	
6,423	Staff Costs	17,302
965	Property Related Expenses	1,255
10,391	Supplies and Services	2,477
15,309	Transport Related Expenses	14,960
33,088		35,994
	INCOME	
27,615	Contributions	32,082
5,473	Other Income	5,122
33,088		37,204
0	(DEFICIT)/SURPLUS IN YEAR	1,210

ANNUAL GOVERNANCE STATEMENT FOR THE CHIEF CONSTABLE FOR WEST YORKSHIRE POLICE

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

Scope of Responsibility

The CC 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 CC 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 CC 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 CC's CFO is a key member of the CC's Chief Officer Team. The CFO is actively involved in, and able to bring influence to bear on, all strategic business decisions of the CC to ensure immediate and longer term implications, opportunities and risks are fully considered. The CFO attends a monthly Joint Executive Group with the PCC and CC at which key strategic and joint decisions are taken and, on occasion, attends other weekly community outcome or bi-lateral meetings held between the CC and the PCC where the PCC holds the CC to account. The CFO leads the promotion and delivery by the CC 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 CC 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 CC to account for efficient and effective policing. The Statement sits alongside the statutory accounts for the CC and gives assurance to the PCC of West Yorkshire Police's governance arrangements. In addition, the PCC produces its own Governance Statement.

The Governance Framework

Although the CC 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/her to account for the exercise of those functions and those of the persons under his/her direction and control. It therefore follows that the PCC must satisfy himself/herself that the Force has appropriate mechanisms in place for the maintenance of good governance, and that these operate in practice.

This statement has been prepared to state West Yorkshire Police current governance arrangements, to report their effectiveness during the year and to outline future actions planned to further enhance arrangements. Part of the governance arrangements include the Force Accountability Meeting. This is attended by the Senior Managers in the organisation,

representatives of the PCC from the Office of the PCC (OPCC) where the CC holds senior managers to account for performance and delivery against the Police and Crime Plan.

Corporate Governance Reporting and Processes

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

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

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

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

Organisational Structures and Processes

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

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

The PCC approves an annual budget for Force activity 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. Joint Independent Audit Committee members consider risk management reports helping to improve the adequacy and effectiveness of risk assessment, risk management and internal control.

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

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

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

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

The Risk Management Group, chaired by the DCC, meets quarterly to monitor changes to the Force risk profile and process. The 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 Joint Independent Audit Committee. Risk management awareness is included in the Force Induction Programmes and ongoing training and guidance is provided appropriate to the level of skill and expertise required through a variety of media.

Business Continuity

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

Insurance

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

Health and Safety

West Yorkshire Police takes very seriously its responsibility for the health and safety of all who attend the premises where the business of West Yorkshire Police is conducted or are affected by our undertaking. The overall responsibility for health and safety matters rests with the CC, 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. All reports to Chief Officer Team and Project Boards together with all reports presented to the PCC must consider legal implications.

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

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

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

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

A Performance Development Review process exists 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

The PCC has conducted the 'Listening to You First' consultation to properly understand the needs and priorities of all people across West Yorkshire. This was a wide ranging consultation that included a survey sent to existing contacts, community groups and key stakeholders. It was also promoted via media and social media sources. Stakeholder roundtable events have been held in each of the districts and a conference on hate crime.

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

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

A confidential reporting policy is in place to enable officers and staff to report any concerns about malpractice or unlawful actions without fear of 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 CC 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 PCC's Good Governance Group which is chaired by the Chief Executive.

Role of the Chief Financial Officer in Local Government

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

The five key principles are that the CFO:

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

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

Standards of Behaviour

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

Significant Governance Issues

Significant governance issues are defined as

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

In June 2014 the PCC suspended the Chief Constable under the provisions of the Police Conduct Regulations 2012 in response to a criminal investigation being conducted by the Police Service of Northern Ireland. At the conclusion of that investigation and following a decision by the Public Prosecution Service for Northern Ireland, the PCC lifted the suspension on 18th of May 2015. The Chief Constable is currently working on temporary alternative duties with the National Police Chiefs' Council pending the outcome of an internal conduct investigation.

Temporary arrangements have been put in place to ensure the post of the Chief Constable, Deputy Chief Constable and Assistant Chief Constables are all filled during this period,

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

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

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 CC, 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 CC, who will continuously review the adequacy and effectiveness of the evolving governance arrangements and ensure that any improvements identified are implemented.

Signed

Dee Collins
Temporary Chief Constable
West Yorkshire Police

Nigel Brook
Chief Constable's Chief Financial Officer
West Yorkshire Police

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.

Financial Year

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

IAS19

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

IFRS

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

Going Concern

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

Group

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

Impairment

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

Local Policing Body

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

Comprehensive Income and Expenditure Statement

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

Police and Crime Commissioner (PCC)

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

Precept

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

Relevant Police Officer

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

Remuneration

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

Senior Employee

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

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

Senior Police Officer

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