



WEST YORKSHIRE POLICE

Statement of Accounts 2016/17

CHIEF CONSTABLE FOR WEST YORKSHIRE POLICE

STATEMENT OF ACCOUNTS 2016/17

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

The Accounts and Audit Regulations 2015, produced and enforceable under the Local Audit and Accountability Act 2014, require the Statement of Accounts to be signed by the officer responsible for the financial administration of the Accounts for 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 15 to 48 represents a true and fair view of the financial position of the Chief Constable for West Yorkshire Police as at 31 March 2017, and its income and expenditure for the year ended 31 March 2017.

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

Dee Collins
Chief Constable
West Yorkshire Police

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

We have audited the financial statements of the Chief Constable of West Yorkshire for the year ended 31 March 2017 on pages 15 to 48. 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 2016/17.

This report is made solely to the Chief Constable, as the corporation sole, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Chief Constable, as the corporation sole, 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, as the corporation sole, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Finance and auditor

As explained more fully in the Statement of the Director of Finance's Responsibilities, the Director of Finance 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 the financial statements 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 Director of Finance; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Narrative Statement 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 2017 and of the Chief Constable's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Matters on which we are required to report by exception

The Code of Audit Practice requires us to report to you if:

- the Annual Governance Statement set out on pages 49 to 54 does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' (CIPFA/SOLACE 2016 Edition); or
- the information given in the Narrative Statement 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 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014; or

- any other special powers of the auditor have been exercised under the Local Audit and Accountability Act 2014.
- We have nothing to report in respect of these matters.

Conclusion on the Chief Constable of West Yorkshire's arrangements for securing economy, efficiency and effectiveness in its 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 their 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 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in their use of resources. The Code of Audit Practice issued by the Comptroller and Auditor General (C&AG) requires us to report to you our conclusion relating to proper arrangements.

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 their 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 their 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 review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by C&AG in November 2016, as to whether the Chief Constable of West Yorkshire had proper arrangements to ensure they took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable of West Yorkshire put in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources for the year ended 31 March 2017.

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 of West Yorkshire had put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources.

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2016, 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 their use of resources for the year ended 31 March 2017.

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 Local Audit and Accountability Act 2014 and the Code of Audit Practice.

John Graham Prentice FCCA MBA
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Leeds
LS1 4DA
28 September 2017

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 in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

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

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- approved proper accounting procedures and records which were maintained and kept up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

NARRATIVE REPORT AND FINANCIAL REVIEW

PREFACE

Introduction to the 2016/17 Statement of Accounts by Dee Collins, Chief Constable for West Yorkshire Police



We serve a diverse population of 2.5 million people and we face many policing and community safety challenges. We must continue to protect vulnerable children and adults, to attack serious and organised criminality and to work with partners to prevent crime and anti-social behaviour.

The bedrock of our service will continue to be Neighbourhood Policing. Over the next five years we will work closely with our partners to integrate neighbourhood policing into a wider neighbourhood partnership model so that collectively we are focused on prevention and early intervention to reduce risk and protect communities from harm. The five policing purposes set out in this Policing Strategy clearly outline what the communities of West

Yorkshire can expect to receive from us in order to keep them safe.

Our aim is to deliver the best policing services we can with the money and resources we have. Over the next five years, we will deliver our operating model for the future through the implementation of our Transformational Change Programme, which reflects what the Police Service has agreed nationally through the Policing Vision 2025.

To become a truly outstanding organisation we must attract, develop and retain a workforce that has the skills and capabilities to meet our future demands, is representative of the communities we serve and has leaders which inspire, empower and motivate their teams to be the best they can be. We must continue to work in partnership with communities, other agencies and academia to be creative and innovative in delivering a high quality policing service to our communities.

THE NARRATIVE REPORT

Message from the Assistant Chief Officer, Finance and Business Services – Nigel Brook.



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

The Policing landscape is extremely challenging with the emergence of new complex crimes and the increasing awareness of vulnerability. Set in the context of the current threat levels and against a backdrop of five years of financial austerity. Within this difficult environment, financial and resource management is more critical than ever. We as a Force continue to challenge the efficiency and effectiveness of all aspects of Force

business, not least through the Zero Based Budget, the second iteration of which has just released an additional £ 1.1million non pay savings to invest in high priority areas of business.

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

- Understand the overarching financial position of the PCC (and West Yorkshire Police)
- Have confidence that the CC has spent public money wisely and has been accounted for in an appropriate manner
- Be assured that the financial position of the CC (and Group) is sound and secure

The style and format of the accounts complies with CIPFA standards and is similar to that of previous years. The structure of this Narrative Report is set out below.

1. Explanation of the CC and Group
2. Introduction to West Yorkshire

3. Financial performance
4. Non-financial performance
5. People
6. Corporate risks and uncertainties
7. Summary and conclusion

1. EXPLANATION OF THE PCC AND GROUP

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

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

The PCC is elected by the public every four years to secure the maintenance of an efficient and effective police force and to hold the Chief Constable to account for the exercise of their functions and those of persons under their direction and control.

This set of accounts explains how the resources provided by the PCC have been used to deliver operational policing services.

The Net Revenue Budget for 2016/17 was £408.859m, of which £401.718m is directly controlled by the Chief Constable.

2. AN INTRODUCTION TO WEST YORKSHIRE

West Yorkshire Police is the fourth largest police force in England and Wales by number of officers. It covers a population of 2.5 million people from diverse social, economic, cultural and religious.

The Force is divided into 5 District Policing Areas aligned to the 5 District Councils throughout West Yorkshire. The Districts are responsible for local policing services across the Force that address local priorities. Specialist departments deliver the full range of other force-wide policing functions.

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

The workload in West Yorkshire and policing in general is changing. There has been a significant increase in the more complex and resource intensive crimes such as rape, child sexual abuse, domestic violence and cyber-crime.

3. FINANCIAL PERFORMANCE

a. Economic Climate

Since 2010 West Yorkshire has faced significant financial challenges due to reductions in funding from central government along with increasing cost pressures and continual changes in the demand for policing. This period of austerity is continuing and is expected to last until at least 2020.

The Police Settlement was announced on 15 December 2016 in a written ministerial statement. The settlement was a one year only settlement which for West Yorkshire was a 2.67% or £6.8m real terms cut in revenue funding. The total level of Government revenue funding for Police in 2017/18 is 1.4% less than 2016/17 in cash terms, and all Police areas in England have been subject to the same percentage reductions. For West Yorkshire, this is a £4.2m reduction in cash terms. There was also an increase in top slicing nationally from £584.4m in 2016/17 to £812m in 2017/18 (39% increase).

b. Financial Management

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

West Yorkshire received a “good” rating from HMIC in their 2016/17 Police Effectiveness Efficiency & Legitimacy (PEEL) inspection.

c. Revenue

Budget 2016/17

In preparing the annual revenue budget full provision was included for pay and other inflationary increases and significant savings were identified through the Force’s Programme of Change in order to balance the budget.

The 2016/17 net budget requirement of £408.18m required cash savings of £39.96m. The budget resulted in a reduction of 232 police officer posts and 274 police staff.

Revenue Outturn 2016/17

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

	Revised Estimate	Actual	Variation
	£'000	£'000	£'000
GROUP NET SERVICE EXPENDITURE			
Net Cost of Police Services	413,085	406,954	6,131
OPCC Direction and Control	213	313	(100)
OPCC Corporate and Democratic Core	1,624	1,426	198
OPCC Partnership Initiatives	5,266	5,260	6
	<u>420,188</u>	<u>413,953</u>	<u>6,235</u>
Interest Payable	3,913	3,887	26
Other Operating Costs	0	13	(13)
GROUP NET EXPENDITURE	<u>424,101</u>	<u>417,853</u>	<u>6,248</u>
Less: Use of Reserves			
Force Transformation	(8,933)	(4,576)	(4,357)
Capital Financing Reserve	(148)	0	(148)
Insurance Reserve	(600)	0	(600)
VIPER Reserve	0	(30)	30
PNLD Reserve	0	(297)	297
Community Safety Fund	0	(1,480)	1,480
Partnership Executive Group	0	(543)	543
Add: Contribution to Reserves			
VIPER Reserve	0	194	(194)
PFI Reserve	439	2,166	(1,727)
Community Safety Fund	0	985	(985)
Contribution / (Use of Balances)	(6,000)	(5,413)	(587)
TOTAL GROUP NET EXPENDITURE	<u>408,859</u>	<u>408,859</u>	<u>0</u>
FINANCING			
Police Grant	171,527	171,527	0
RSG	16,693	16,693	0
NNDR	129,311	129,311	0
Precept	91,328	91,328	0
TOTAL GROUP FINANCING	<u>408,859</u>	<u>408,859</u>	<u>0</u>

Outlook – Medium Term Financial Forecast

The medium term financial forecast (MTFF) reflects the detail of the government announcements in November's Autumn Statement. While the budget balances in short term there is still a very significant challenge ahead to deliver the savings required and to improve performance in the face of further reductions in real terms to the overall budget. The MTFF balances for 2017/18 but is in deficit for all the years up to 2019/20. Although this may seem to be a risky approach, we are confident through our continued programme of change we will be able to close these budget gaps over the period of the MTFF. The MTFF reflects an increase in Police Officer recruitment and a commitment to maintain PCSO's at their current levels. A high level summary of the MTFF is provided below.

	2017/18 Estimate at Outturn £000	2018/19 Estimate at Outturn £000	2019/20 Estimate at Outturn £000	2020/21 Estimate at Outturn £000
Pay	390,037	394,537	400,137	406,108
Non pay	99,917	102,900	106,353	108,080
Income	(76,239)	(77,747)	(80,054)	(81,689)
Total Force Budget	413,715	419,690	426,436	432,499
Office of the PCC	1,543	1,550	1,558	1,573
Community Safety Fund	5,260	5,260	5,260	5,260
Shared Services	201	201	201	201
Total OPCC and Shared Services	7,004	7,011	7,019	7,034
Net Budget Requirements	420,719	426,701	433,455	439,533
Funded by:				
Police Grant	324,901	309,211	305,156	301,158
Collection Fund Surplus/(Deficit)	1,129	1,129	1,129	1,129
Precept Requirements	94,689	99,292	102,787	106,405
Total Funding	420,719	409,632	409,072	408,692
Shortfall	0	17,069	24,383	30,841

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

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

d. Capital

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

Capital outturn 2016/17

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

	Annual Budget £000	Annual Spend £000
Estates Schemes	9,274	8,999
Vehicles and Equipment	3,661	3,439
ICT Schemes	13,518	13,430
NPAS	14,172	14,172
	<u>40,625</u>	<u>40,040</u>

Medium Term Capital Plan

The PCC has approved a Medium Term Capital Plan (MTCP) costing £126.680m over the next four years, which will provide the Force with appropriate infrastructure and assets to deliver innovative policing strategies with fewer resources.

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Total £000
Estates Schemes	4,526	16,668	13,088	3,690	37,972
Vehicles and Equipment	9,782	2,800	2,600	2,200	17,382
ICT Schemes	4,292	4,811	3,201	2,866	15,170
NPAS	14,039	14,039	14,039	14,039	56,156
	<u>32,639</u>	<u>38,318</u>	<u>32,928</u>	<u>22,795</u>	<u>126,680</u>

e. Balance Sheet

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

At 31st March 2017 we had negative net assets of £5.436 billion. The sole reason we have negative assets is because of the pension liabilities associated with the unfunded police officer pension scheme and the deficit of £0.208 billion in the funded Local Government Pension Scheme (LGPS) for police staff.

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

31 March 2016 £000		31 March 2017 £000
0	Long Term Assets	0
0	Current Assets	0
(17,724)	Current Liabilities	(18,429)
(4,303,304)	Long Term Liabilities	(5,417,729)
(4,321,028)	Net Assets	(5,436,158)
(4,321,028)	Total Reserves	(5,436,158)

4. NON-FINANCIAL PERFORMANCE

The 2016 HMIC Assessment of West Yorkshire Police rates the Force as GOOD across the PEEL pillars of Efficiency, Legitimacy and Effectiveness. The HMIC made particular mention in the improvements the Force has made in how it protects vulnerable people and supports victims.

The Force is placing greater emphasis on safeguarding vulnerable victims and this is exemplified in the increasing and more complex investigations and recorded crime for non-recent and current CSE and also domestic abuse. Increased emphasis on compliance with the national standard for crime recording and increased complexity in crime investigations has led to increased demand on officers and staff, placing a greater strain on resources.

The Crime Survey for England and Wales continues to identify a long-term reduction in the risk of victimisation in West Yorkshire, and no significant change in the current trend. Nationally published crime figures for the 12 months to December 2016 identify that West Yorkshire is seeing a significant increase in recorded crime that is higher than national average, bringing the Force more into line with the national crime profile.

The on-going digital transformation programme delivers improvements in police visibility, our use of body worn video and mobile data and opportunities for increased agile working. We now have 85% of our uniformed officers using their mobile data devices 85% of the time.

Demand on the Force is gaining in complexity, we now have a higher volume of more complex investigations and are rising to the challenge of the technical complexity of cyber related and cyber enabled crime. During 2016/17, there have been 1,500,705 calls for service, which represents a 5.1% increase on the previous year, with sizeable increases in 999, 101 calls and also on-line contacts. The types of calls received, our response and the reduction in resources has resulted in a higher workload for officers and staff. At a time of reducing resources this is a significant strain on service delivery.

The PCC's Police and Crime Plan sets out the overall requirement to keep communities safer and feeling safer. Performance against the measures set out in the Plan alongside activities to respond to the priorities laid out in the Plan indicate that the communities of West Yorkshire are safer, with increased activity aimed at safeguarding the vulnerable. These achievements have been made at a time of unprecedented budget cuts through transformational change to embed a new operating model for delivery that puts neighbourhood policing at its heart.

5. PEOPLE

At 31st March 2017 West Yorkshire Police employed 9,070 people in full and part time contracts. We also had 510 unpaid members of the special constabulary and 234 volunteers giving a total workforce of 9,814.

Below is the make-up of the Police workforce.

	Workforce	Full Time Equivalents
Police Officers	4,815	4,694
Police Staff	3,682	3,314
PCSO's	573	550
Paid Employees	9,070	8,558
Special Constabulary	510	
Volunteers	234	
Total Workforce	9,814	

6. PRINCIPAL RISKS AND UNCERTAINTIES

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

Below are the main corporate risks from the Force Strategic Risk Register:

1. The scale & complexity of the transition from the Airwave network to ESN will take a number of years. If the project is not delivered there is significant financial cost to extend the existing contract, and an operational impact on the Force if the use of new technology is not maximised.
2. Failure to comply with the required MOPI standards for the accurate collection, recording & review of nominal information held for policing purpose. This impacts on the Force's ability to prevent & detect crime & to safeguard the most vulnerable.

7. SUMMARY AND CONCLUSION

West Yorkshire Police continue to deliver effective financial management to support the delivery of the CC Policing Strategy and the PCC Policing Plan. The Chief Officer team is fully engaged with the budgeting process to ensure resources are directed to priority areas. This has been demonstrated over the past 12 months with an even more proactive approach to managing the budget to within 1% of the total.

HMIC have recently published their State of Policing report which summarised the results of their Police Effectiveness, Efficiency and Legitimacy (PEEL) inspection. West Yorkshire was assessed as good in the three pillars of efficiency, effectiveness and legitimacy.

The resources available to police forces, and particularly West Yorkshire, have reduced significantly since March 2010 and we are currently delivering policing services within a budget that has been reduced by more than £140m (to March 2017). In reshaping our organisation to work within a reducing budget, we have sought to deliver savings in back-office and operational support areas whilst seeking to protect frontline delivery. The latest medium term financial forecast, which covers the four year period to 2020/21, provides for some reinvestment in priority areas including continuing to recruit police officers, enhancement of cyber and safeguarding capability. Despite the financial challenges the Group continues to maintain a healthy level of cash balances which will be used in a judicious manner in future years to help manage the budget and deliver the Group's police and crime plan priorities. The financial outlook remains challenging but I am confident that the CC, PCC and their respective leadership teams will continue to deliver strong and effective financial management in order to maintain an appropriate level of funding for essential operational services.

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

Changes to the Financial Statements

The 2015/16 statements have been restated due to the introduction of the Expenditure and Funding Analysis to the 2016/17 Code. The changes to the 2016/17 Code are:

- To allow local authorities to report on the same basis as they are organised by breaking the formal link between the Service Reporting Code of Practice (SeRCOP) and the Comprehensive Income and Expenditure Statement.
- To introduce a new Expenditure and Funding Analysis which provides a direct reconciliation between the way local authorities are funded and prepare their budget, and the Comprehensive Income and Expenditure Statement in a way that is clear to the reader. This analysis is supported by a streamlined Movement in Reserves Statement and replaces the Segmental Reporting note.

Comprehensive Income and Expenditure Statement Chief Constable for West Yorkshire Police

2015/16 (Restated)				2016/17		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
123,170	0	123,170	Policing District West	115,770	0	115,770
126,960	0	126,960	Policing District East	116,702	0	116,702
53,402	0	53,402	Policing Specialist Operations	57,763	0	57,763
29,621	0	29,621	Policing Specialist Crime	27,718	0	27,718
20,436	0	20,436	Regional Policing	20,952	0	20,952
70,783	0	70,783	National Policing	73,214	0	73,214
72,644	0	72,644	Finance and Business Services	73,019	0	73,019
65,227	0	65,227	Corporate and Central Services CC	65,483	0	65,483
562,243	0	562,243	Cost of Policing Service	550,621	0	550,621
		(562,243)	Inter Group Funding			(550,621)
		140,706	Financing and investment income and expenditure (Note 13)			148,355
		140,706	(Surplus) or Deficit on Provision of Services			148,355
		(361,053)	Remeasurement of net defined benefit liability / (asset)			950,683
		(361,053)	Other Comprehensive Income and Expenditure			950,683
		(220,347)	Total Comprehensive Income and Expenditure			1,099,038

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

Expenditure and Funding Analysis

Chief Constable for West Yorkshire Police

2015/16				2016/17		
Net Expenditure Chargeable to General Fund Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure Chargeable to General Fund Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
108,025	15,145	123,170	Policing District West	110,596	5,174	115,770
111,348	15,612	126,960	Policing District East	111,478	5,224	116,702
48,140	5,262	53,402	Policing Specialist Operations	56,121	1,642	57,763
26,497	3,124	29,621	Policing Specialist Crime	27,024	694	27,718
18,966	1,470	20,436	Regional Policing	21,174	(222)	20,952
61,434	9,349	70,783	National Policing	63,845	9,369	73,214
51,642	21,001	72,643	Finance and Business Services	51,105	21,914	73,019
71,347	(6,120)	65,227	Corporate and Central Services CC	79,421	(13,938)	65,483
497,399	64,844	562,243	Net Cost of Services	520,764	29,857	550,621
(497,399)	(64,844)	(562,243)	Intra-group adjustment	(520,764)	(29,857)	(550,621)
0	140,706	140,706	Other Income and Expenditure	0	148,355	148,355
0	140,706	140,706	(Surplus) or Deficit	0	148,355	148,355

Expenditure and Funding Analysis

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

Movement in Reserves Statement Chief Constable for West Yorkshire Police

	Police Fund Balance	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£000	£000	£000	£000
Balance at 1 April 2015	0	0	(4,486,738)	(4,486,738)
Movement in Reserves during 2015/16				
Surplus or (deficit) on the provision of services	(195,344)	(195,344)	0	(195,344)
Other Comprehensive Income and Expenditure	0	0	361,053	361,053
Total Comprehensive Income and Expenditure	(195,344)	(195,344)	361,053	165,709
Adjustments between accounting basis & funding basis under regulations (note 7)	195,344	195,344	(195,344)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	0	0	165,709	165,709
Increase/Decrease in 2015/16	0	0	165,709	165,709
Balance at 31 March 2016 C/fwd	0	0	(4,321,029)	(4,321,029)

Movement in Reserves Statement Chief Constable for West Yorkshire Police

	Police Fund Balance	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£000	£000	£000	£000
Balance at 1 April 2016	0	0	(4,321,029)	(4,321,029)
Movement in Reserves during 2016/17				
Surplus or (deficit) on the provision of services	(164,445)	(164,445)	0	(164,445)
Other Comprehensive Income and Expenditure	0	0	(950,683)	(950,683)
Total Comprehensive Income and Expenditure	(164,445)	(164,445)	(950,683)	(1,115,128)
Adjustments between accounting basis & funding basis under regulations (note 7)	164,445	164,445	(164,445)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	0	0	(1,115,128)	(1,115,128)
Increase/Decrease in 2016/17	0	0	(1,115,128)	(1,115,128)
Balance at 31 March 2017 C/fwd	0	0	(5,436,158)	(5,436,158)

Balance Sheet

Chief Constable for West Yorkshire Police

31 March 2016 £000		31 March 2017 £000
0	Non-current assets	0
0	Current assets	0
0	Total Assets	0
(17,724)	Short Term Creditors (note 10)	(18,429)
(17,724)	Current Liabilities	(18,429)
(4,303,304)	Net Pension Liability (note 13)	(5,417,729)
(4,303,304)	Long Term Liabilities	(5,417,729)
(4,321,028)	Net Assets	(5,436,158)
(17,723)	Accumulated Absences Account (note 11)	(18,428)
(4,303,305)	Pension Reserve (note 11)	(5,417,730)
(4,321,028)	Total Unusable Reserves	(5,436,158)

Cash Flow Statement

Chief Constable for West Yorkshire Police

2015/16 £000		2016/17 £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 2017. All payments were made from the Police Fund which is managed and held by the PCC for West Yorkshire. Cash flows for the Group can be seen within the Group Accounts.

NOTES TO THE ACCOUNTS

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Note 1 - ACCOUNTING POLICIES

General

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

These financial statements have been prepared in accordance with the Code of Practice 2016/17 (the Code) on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC), the Accounts and Audit Regulations 2015 and the Service Reporting Code of Practice for Local Authorities 2016/17 (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 of the Group for the purposes of giving a true and fair view has been selected.

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.

The following accounting concepts and accounting principles have also been used throughout the production of the statements:

Accounting Concepts

Accruals

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

Going Concern

The accounts should be prepared on the basis that the organisation will continue in existence for the foreseeable future.

Primacy of legislative requirements

Where specific legislative requirements and accounting practices conflict, legislative requirements will apply. Such conflicts are usually dealt with by showing the position required under the accounting concepts in the Comprehensive Income and Expenditure Statement, and reversing out the effect to reflect legislative requirements in the Movement in Reserves Statement.

Accounting Principles

Relevance

Information should be useful for assessing the stewardship of public funds and for making economic decisions.

Reliability

Information should be able to be depended upon to represent faithfully what it purports to represent, be free from deliberate or systematic bias, be free from material error and be prudently prepared.

Comparability

The information should be presented in a way which facilitates comparison with similar information for other periods or points in time, and/or with information about other authorities.

Understandability

All reasonable efforts should be taken to ensure that the accounts are as easy to understand as possible, notwithstanding the necessity for a reasonable knowledge of accounting and local government and a reasonable diligence in reading the accounts.

Materiality

Materiality is a threshold quality ensuring that information of significance is included in the accounts. An item is material if its misstatement or omission might reasonably be expected to influence assessment of the PCC's stewardship, economic decisions or comparisons with other authorities. Strict compliance with the Code is not required where the amounts involved are not material to the fair presentation of the accounts and the understanding of the accounts by a reader.

The West Yorkshire Police Group

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

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

- The Police and Crime Commissioner for West Yorkshire (the parent);
- The Chief Constable of West Yorkshire (the subsidiary); and,
- The West Yorkshire Police Group.

The financial statements cover the 12 months to the 31 March 2017. The term 'Group' is used to indicate the aggregated transactions and policies of the PCC and the CC.

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

The principal accounting policies adopted are set out below, and apply to both organisations.

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 Police Reform and Social Responsibility Act 2011, and the local agreements and practice in place, and taking account of the guidance included in the Code, it has been determined that all the assets, liabilities and reserves are recognised on the PCC Balance Sheet other than liabilities relating to 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

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

The Code requires adoption of the following new or amended Accounting Standards in the 2016/17 accounts:

Annual Improvements to IFRSs 2010–2012 Cycle – issued December 2013.

Annual Improvements to IFRSs 2012–2014 Cycle – issued September 2014.

IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions) – issued November 2013 (amendment)

IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations) – May 2014 (amendment)

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation) – May 2014 (amendment)

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

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.

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.

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.

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 CC'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.

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, i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the 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.

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.

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to 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.

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.

Post Employment Benefits

CC employees participate in four different pension schemes:

- The Local Government Pension Scheme (LGPS) for police staff employees. This is a funded, defined benefit scheme.

Three 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 2006 scheme was closed to new recruits from 2015.
- The 2015 Police Pension Scheme from 1st April 2015.

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. unlisted 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.

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.

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. 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.

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.

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.

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.

Accounting Standards that have been issued but have not yet been adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code), the Group is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted.

There are a number of minor amendments to International Financial Reporting Standards but these are not expected to have any material impact on the accounts.

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

The preparation of the financial statements requires the 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 judgement 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.

Note 3 – MATERIAL ITEMS OF INCOME AND EXPENSE

Local Government Pension Scheme Pension Contributions

During 2016/17 the Police and Crime Commissioner Group elected to prepay pension contributions for the three years 2017/18 to 2019/20 resulting in a financial benefit to the Group.

A lumpsum prepayment of £8m has been made into the pension fund to cover the next 3 years employers contributions in order to secure a discount against the actual amount it would have paid over the same period on a monthly basis.

Note 4 – EVENTS AFTER THE BALANCE SHEET DATE

All events relevant to the financial year ended 31 March 2017 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.

Note 5 – NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Note to the Expenditure and Funding Analysis Chief Constable

2015/16				Adjustments Between Funding and Accounting Basis	2016/17			
Adjustments for Capital Purposes £000	Net Change in the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000	Adjustment from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £000	Net Change in the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
0	14,845	300	15,145	Policing District West	0	4,983	191	5,174
0	15,303	309	15,612	Policing District East	0	5,030	194	5,224
0	5,158	104	5,262	Policing Specialist Operations	0	1,567	75	1,642
0	3,062	62	3,124	Policing Specialist Crime	0	658	37	695
0	1,441	29	1,470	Regional Policing	0	(245)	24	(221)
5,975	3,307	67	9,349	National Policing	8,896	429	43	9,368
19,888	1,091	22	21,001	Finance and Business Services	22,274	(375)	15	21,914
(15,726)	9,312	182	(6,232)	Corporate and Central Services CC	(17,514)	3,441	135	(13,938)
10,137	53,520	1,075	64,732	Net Cost of Services	13,656	15,488	714	29,858
(10,137)	(53,520)	(1,075)	(64,732)	Intra group adjustment	(13,656)	(15,488)	(714)	(29,858)
0	140,706	0	140,706	Other income and expenditure from the Expenditure and Funding Analysis	0	148,355	0	148,355
0	140,706	0	140,706	Difference Between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services	0	148,355	0	148,355

Adjustment for Capital Purposes

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

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

Net Charge for the Pensions Adjustment

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

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

Other Differences

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

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

Note 6 – EXPENDITURE ANALYSED BY NATURE

Expenditure and income is analysed as follows:	2016/17 £000	2015/16 £000
Expenditure		
Employee benefits expenses	405,977	424,842
Premises related expenditure	28,908	28,752
Supplies and services	50,440	45,695
Transport related expenditure	26,898	25,810
Other service expenses	186,753	177,850
Intra Group Funding	(550,621)	(562,243)
Total expenditure	148,355	140,706
Surplus or Deficit on the Provision of Services	148,355	140,706

Note 7 – ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION

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

The following adjustments are for 2016/17

Pensions Reserve Adjustments:	
Reversal of items debited or credited to the CIES Employer's pensions contributions	
Accumulated Absences Adjustment Account:	
Officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year	
Total Adjustments	

Usable Reserves	
Police Fund Balance	Movement in Usable Reserves
£'000	£'000
(230,780)	(230,780)
67,039	67,039
(704)	(704)
(164,445)	(164,445)

Unusable Reserves		
Pensions Reserve	Accumulated Absences Fund	Movement in Unusable Reserves
£'000	£'000	£'000
230,780	0	230,780
(67,039)	0	(67,039)
0	704	704
163,741	704	164,445

The following adjustments are for 2015/16

Pensions Reserve Adjustments:	
Reversal of items debited or credited to the CIES Employer's pensions contributions	
Accumulated Absences Adjustment Account:	
Officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year	
Total Adjustments	

Usable Reserves	
Police Fund Balance	Movement in Usable Reserves
£'000	£'000
(252,691)	(252,691)
58,423	58,423
(1,076)	(1,076)
(195,344)	(195,344)

Unusable Reserves		
Pensions Reserve	Accumulated Absences Fund	Movement in Unusable Reserves
£'000	£'000	£'000
252,691	0	252,691
(58,423)	0	(58,423)
0	1,076	1,076
194,268	1,076	195,344

Note 8 – OFFICER REMUNERATION AND EXIT PACKAGES

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

CC 2016/17		Salary, Fees and Allowances £	Bonuses £	Pension Contribution £	Total £
Mark Gilmore Chief Constable (Secondment)	01.04.16- 09.04.16	79,099	0	0	79,099
Dee Collins Temporary Chief Constable	01.04.16- 10.11.16	104,173	0	23,298	127,471
Dee Collins Chief Constable	11.11.16- 31.03.17	74,798	0	16,586	91,384
Temporary Deputy Chief Constable	01.04.16- 06.01.17	114,145	0	20,060	134,205
Deputy Chief Constable	07.01.17- 31.03.17	33,704	0	6,234	39,938
Temporary Assistant Chief Constable (District Policing)	01.04.16- 31.03.17	104,701	0	20,428	125,129
Assistant Chief Constable (Protective Services - Crime)	01.04.16- 31.03.17	114,588	0	26,294	140,882
Assistant Chief Constable (Protective Services Ops)	01.04.16- 31.03.17	117,609	0	24,072	141,681
Assistant Chief Constable (Partnerships and Programme of Change))	01.04.16- 31.03.17	107,373	0	24,631	132,004
Assistant Chief Officer (Finance & Business Services) and Chief Finance Officer CC	01.04.16- 31.03.17	113,425	0	12,066	125,491
TOTAL		963,615	0	173,669	1,137,284

CC 2015/16		Salary, Fees and Allowances £	Bonuses £	Pension Contribution £	Total £
Mark Gilmore Chief Constable (Secondment)	01.04.15- 31.03.16	179,158	0	0	179,158
Dee Collins Temporary Chief Constable	01.04.15- 31.03.16	171,207	0	33,642	204,849
Temporary Deputy Chief Constable	01.04.15- 31.03.16	143,426	0	24,656	168,082
Temporary Assistant Chief Constable (District Policing)	06.07.15- 31.03.16	93,726	0	15,198	108,924
Assistant Chief Constable (Protective Services - Crime)	22.06.15- 31.03.16	81,818	0	18,621	100,438
Assistant Chief Constable (Protective Services - Crime)	01.04.15 - 21.06.15	23,724	0	5,543	29,267
Assistant Chief Constable (Protective Services Ops)	01.04.15- 31.03.16	110,646	0	24,656	135,302
Assistant Chief Constable (District Policing East)	01.04.15 - 21.06.15	26,002	0	6,035	32,037
Assistant Chief Constable (Partnerships and Programme of Change))	06.07.15- 31.03.16	77,099	0	17,453	94,552
Temporary Assistant Chief Constable (District Policing West)	01.04.15 - 05.07.15	24,415	0	5,027	29,442
Assistant Chief Officer (Finance & Business Services) and Chief Finance Officer CC	01.04.15- 31.03.16	107,339	0	11,356	118,695
TOTAL GROUP		1,038,560	0	162,186	1,200,746

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	
	2016/17	2015/16		2016/17	2015/16
£50,000 - £54,999	23	25	£80,000 - £84,999	9	5
£55,000 - £59,999	50	51	£85,000 - £89,999	11	10
£60,000 - £64,999	35	31	£90,000 - £94,999	4	1
£65,000 - £69,999	18	8	£95,000 - £99,999	1	1
£70,000 - £74,999	7	7	£100,000 - £104,999	2	2
£75,000 - £79,999	0	4	£105,000 - £109,999	1	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
2016/2017	£	£	£	2016/2017	No	No	No
£0-£20,000	51,151	0	51,151	£0-£20,000	4	0	4
£20,001-£40,000	56,535	0	56,535	£20,001-£40,000	2	0	2
£40,001-£60,000	0	0	0	£40,001-£60,000	0	0	0
£60,001-£80,000	133,056	0	133,056	£60,001-£80,000	2	0	2
£80,001-£100,000	170,457	83,238	253,695	£80,001-£100,000	2	1	3
£100,001-£150,000	349,585	0	349,585	£100,001-£150,000	3	0	3
£200,001-£250,000	0	221,450	221,450	£200,001-£250,000	0	1	1
	760,784	304,688	1,065,472		13	2	15
2015/2016	£	£	£	2015/2016	No	No	No
£0-£20,000	13,113	65,337	78,450	£0-£20,000	1	4	5
£20,001-£40,000	47,005	134,557	181,562	£20,001-£40,000	2	4	6
£40,001-£60,000	93,404	46,601	140,006	£40,001-£60,000	2	1	3
£60,001-£80,000	0	0	0	£60,001-£80,000	0	0	0
£80,001-£100,000	0	0	0	£80,001-£100,000	0	0	0
£100,001-£150,000	118,210	0	118,210	£100,001-£150,000	1	0	1
	271,732	246,495	518,227		6	9	15

The CC terminated the contracts of a number of employees in 2016/17, incurring liabilities of £0.517m, (£0.296m in 2015/16). Severance payments totalling £0.538m were identified as being due in the early part of 2017/18 (£0.047m in 2016/17) and were accrued in the Comprehensive Income and Expenditure Statement.

Note 9 – EXTERNAL AUDIT COSTS

The CC has incurred the following costs in relation to the audit of the Statement of Accounts, there were no certification of grant claims and statutory inspections and non-audit services provided by the external auditors.

	2016/17 £000	2015/16 £000
Fees payable to KPMG with regard to external audit services carried out by the appointed auditor for the year	23	23
Total	23	23

Note 10 – CREDITORS

The short term creditor balance of £18.429m (£17.724m 2015/16) relates to the liability for untaken leave and other accumulated absences due to staff at 31 March 2017.

Note 11 – UNUSABLE RESERVES**Pensions Reserve**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. 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.

2015/16 £000	Pensions Reserve	2016/17 £000
(4,470,090)	Balance at 1 April	(4,303,305)
361,053	Actuarial gains or losses on pensions assets and liabilities	(950,683)
(252,691)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(230,780)
58,423	Employer's pensions contributions and direct payments to pensioners payable in the year	67,039
(4,303,305)	Balance at 31 March	(5,417,730)

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.

2015/16 £000	Accumulated Absences Adjustment Account	2016/17 £000
(16,647)	Balance at 1 April	(17,723)
16,647	Settlement or cancellation of accrual made at the end of the preceding year	17,723
(17,723)	Amounts accrued at the end of the current year	(18,428)
(1,076)	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	(705)
(17,723)	Balance at 31 March	(18,428)

Note 12 – RELATED PARTIES

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

The PCC and 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 PCC and Group, and which seek to ensure that the PCC and Group obtains Value for Money in all transactions.

The PCC has direct control over the financial and some operating policies. Where the PCC and his Deputy have an interest in companies or other organisations, details of such interests are recorded on the West Yorkshire Elected Local Policing Body Notification of Disclosable Interests forms, which are available on the website for public inspection.

Relationship with Central Government Departments and other Public Bodies

Central Government has significant influence over the general operations of the PCC and Group – it is responsible for providing the statutory framework within which the PCC and 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 PCC and Group has with other parties (e.g. Council tax bills). Grants received from government departments are set out in the subjective analysis in Note 29 of the Group Accounts on reporting for resource allocation decisions.

Key Management

Key Management personnel within the PCC and Group are also required to complete a related party declaration in relation to pecuniary interest. 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 PCC and Group, including the oversight of these activities.

Other Public Sector Bodies

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

Grants

Under the Police Reform and Social Responsibility Act 2011 the PCC is allowed to give grants to partners, and an allocation previously granted directly from the Home Office transferred to the PCC's main budget allocation in April 2014. During 2016/17 the PCC distributed this funding to Local Authority Community Safety Partnerships and other organisations pro-rata to the previous Home Office allocations, reduced in line with internal funding reductions.

Additional grants were made to other organisations towards delivery of the police and crime plan objectives, and to support victims. This assistance was not given on terms that gave the PCC effective control over their operations.

The PCC has created, and Chairs, a Partnership Executive Group, with member representation from the office of the police and crime commissioner, police, local authorities, health, crown prosecution service, prison, probation services, fire and rescue service, community safety, youth offending and Victim Support. The group ambition is to work better in partnership to reduce crime and disorder and improve effectiveness within the community safety and criminal justice services. The PCC set aside £1,000,000 in 2016/17 for this purpose.

The Police and Crime Commissioner, Deputy Police and Crime Commissioner, Chief Executive and Assistant Treasurer were trustees of a charity - Police National Legal Database (PNLD) CIO, set up to deliver the Police National Legal Database to other forces and organisations. During 2016/17 a decision was taken to wind up the charity. As the PCC owned the PNLD assets and intellectual property rights, the provision reverted to an in house service. OPCC staff on secondment to the charity returned to the OPCC on 14th November 2016. During 2016/17 West Yorkshire Police's annual subscription to PNLD amounted to £29,231, and income of £625,070 was due from the CIO for the salaries of staff on secondment and other overhead charges (£28,467 and £1,819,632 respectively in 2015/16).

Remuneration of Senior Management is disclosed in the Remuneration Report.

Note 13 – DEFINED BENEFITS PENSION SCHEME

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 four 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 three Pension Schemes for Police Officers, which are unfunded schemes:-

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

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

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

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

Transactions Relating to Post-employment Benefits

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

The cost of retirement benefits is recognised in the reported Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the 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:

	CC		CC	
	LOCAL GOVERNMENT PENSION SCHEME		POLICE PENSION SCHEME	
	£000		£000	
	2016/17	2015/16	2016/17	2015/16
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT				
Cost of Services				
<i>Service cost comprising:</i>				
Current service costs	21,626	21,661	60,741	73,846
Past service costs	58	212	0	16,266
(Gain)/loss from settlements	0	0	0	0
<i>Finance and Investment Income and Expenditure:</i>				
Net interest expense	4,836	5,157	143,519	135,549
Total Pension Costs Recognised in the Provision of Services	26,520	27,030	204,260	225,661
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	(75,177)	11,935	(73,128)	(98,159)
Experience (gain)/loss on liabilities	(17,563)	(4,481)	0	0
Actuarial (gain)/loss arising on changes in demographic assumptions	(19,958)	0	0	0
Actuarial (gain)/loss arising on changes in financial assumptions	170,872	(42,633)	965,637	(227,715)
Total Pension Costs Recognised in Other Comprehensive Income and Expenditure	58,174	(35,179)	892,509	(325,874)
Total Pension Costs Recognised in the Comprehensive Income and Expenditure Statement	84,694	(8,149)	1,096,769	(100,213)
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	(26,520)	(27,030)	(204,260)	(225,661)
Actual amount charged against the Police Fund Balance for pensions in the year:				
Employers contributions payable to scheme	18,942	10,797	43,146	42,753
Retirement benefits payable to pensioners	192	192	4,759	4,681

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:

	CC		CC	
	LOCAL GOVERNMENT PENSION SCHEME		POLICE PENSION SCHEME	
	£000		£000	
	2016/17	2015/16	2016/17	2015/16
Fair value of plan assets	597,320	491,162	0	0
Present value of the defined benefit obligation	(805,385)	(633,666)	(5,209,664)	(4,160,800)
Pension asset/(liability) recognised on the Balance Sheet	(208,064)	(142,504)	(5,209,664)	(4,160,800)

Reconciliation of the Movements in the Fair Value of Scheme Assets

	CC		CC	
	LOCAL GOVERNMENT PENSION SCHEME £000		PENSION SCHEME £000	
	2016/17	2015/16	2016/17	2015/16
Opening fair value of scheme assets	491,162	481,124	0	0
Interest income	17,293	15,866	0	0
<i>Remeasurements gain / (loss)</i>				
The return on plan assets, excluding the amount included in the net interest expense	75,177	(11,935)	73,128	98,159
Contributions from employer	18,942	10,797	47,905	47,434
Contributions from employees into the scheme	6,885	6,473	22,264	22,730
Benefits paid	(12,139)	(11,163)	(143,297)	(168,323)
Closing fair value of scheme assets	597,320	491,162	0	0

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

	CC		CC	
	LOCAL GOVERNMENT PENSION SCHEME £000		PENSION SCHEME £000	
	2016/17	2015/16	2016/17	2015/16
Opening present value of scheme liabilities	(633,666)	(642,766)	(4,160,800)	(4,308,447)
Current service cost	(21,626)	(21,661)	(60,741)	(73,846)
Interest cost	(22,129)	(21,024)	(143,519)	(135,549)
Contribution from scheme participants	(6,885)	(6,473)	(22,264)	(22,730)
<i>Remeasurement (gain) and loss:</i>				
Actuarial gain/(loss) arising from changes in demographic assumptions	19,958	0	0	0
Actuarial gain/(loss) arising from changes in financial assumptions	(170,872)	42,633	(965,637)	227,715
Actuarial gain/(loss) on liabilities - experience	17,563	4,481	0	0
Past service costs	(58)	(212)	0	(16,266)
Benefits paid	12,331	11,356	143,297	168,323
Closing present value of scheme liabilities	(805,385)	(633,666)	(5,209,664)	(4,160,800)

Local Government Pension Scheme assets comprised:

	2016/17		2015/16	
	£000	%	£000	%
Equities	456,277	76.4%	372,566	76.4%
Property	25,083	4.2%	20,481	4.2%
Government Bonds	62,708	10.5%	51,203	10.5%
Corporate Bonds	27,472	4.6%	22,432	4.6%
Cash	12,542	2.1%	10,241	2.1%
Other	13,139	2.2%	10,728	2.2%
Total Assets	597,221	100.0%	487,652	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	
	2016/17	2015/16	2016/17	2015/16
<i>Mortality assumptions:</i>				
<i>Longevity at 65 (staff) 60 (officers) for current pensioners:</i>				
Men	22.1	22.7	28.4	28.2
Women	25.2	25.6	30.9	30.8
<i>Longevity at 65 (staff) 60 (officers) for future pensioners:</i>				
Men	23.0	24.9	30.8	30.7
Women	27.0	28.0	33.3	33.2
Rate of Inflation CPI	2.0%	1.8%	2.3%	2.0%
Rate of increase in salaries	3.3%	3.3%	3.8%	3.5%
Rate of increase in pensions	2.0%	1.8%	2.3%	2.0%
Rate for discount rate	2.6%	3.5%	2.5%	3.5%

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	
	2016/17		2016/17	
	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
<i>Value of Liabilities:</i>				
With above assumptions	(802,550)	(802,550)	(5,209,664)	(5,209,664)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	+0.1%	-0.1%	+0.1%	-0.1%
	(785,066)	(820,526)	(5,115,666)	(5,303,662)
Rate for increase in salaries (increase or decrease by 0.1%)	(807,403)	(797,849)	(5,236,195)	(5,183,133)
Rate for increase in pensions (increase or decrease by 0.1%)	(815,666)	(789,761)		
Rate for increase in inflation (increase or decrease by 0.1%)			(5,305,621)	(5,113,707)
	+1 year	-1 year	+1 year	-1 year
Adjustment to mortality age (increase or decrease in 1 year)	(778,714)	(826,621)	(5,342,994)	(5,076,334)

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 2016 (or services after 31 March 2017 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 CC's expected contribution to the schemes in 2017/18 is:

Police Pension Scheme £134.808m

Local Government Pension Scheme £30.194m

Note 14 – CONTINGENT LIABILITIES

Termination Benefits

A major programme of organisational change has been put in place to meet the challenge of reduced resources resulting from the Government's Spending Review. This focuses on protecting as far as possible frontline services, whilst making significant savings in back and middle office and support functions. 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.

Police Pension Regulations

The Chief Constable of West Yorkshire, along with other Chief Constables and the Home Office, currently has claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. Claims of unlawful discrimination have also been made in relation to the changes to the judiciary and Firefighters Pension Regulations. In the case of the Judiciary claims the claimants were successful and in the Firefighters case the respondents were successful. Both of these judgements are subject to appeal, the outcome of which may determine the outcome of the Police claims. The Tribunal has yet to set a date for a preliminary or substantive Police hearing. Legal advice suggests that there is a strong defence against the Police claims. The quantum and who will bear the cost is also uncertain, if the claims are partially or fully successful and therefore at this stage it is not practicable to estimate the financial impact. For these reasons, no provision has been made in the 2016/17 Accounting Statements.

WEST YORKSHIRE POLICE

PENSION FUND

STATEMENT

OF

ACCOUNTS 2016/17

WEST YORKSHIRE POLICE

PENSION FUND ACCOUNT STATEMENTS

2015/16 £'000		2016/17 £'000
	CONTRIBUTIONS RECEIVABLE	
(40,224)	Employer's Contributions	(39,681)
(2,529)	Early Retirements (Ill Health)	(3,480)
(22,730)	Officers' Contributions	(22,265)
	TRANSFERS IN	
(787)	Individual Transfers In from Other Schemes	(663)
(66,270)	TOTAL INCOME RECEIVABLE	(66,089)
	BENEFITS PAYABLE	
110,129	Pensions	114,060
36,822	Commutations and Lump Sum Retirement Benefits	24,894
285	Lump Sum Death Benefits	137
	PAYMENTS TO AND ON ACCOUNT OF LEAVERS	
18	Refunds of Contributions	23
1,093	Individual Transfers Out to Other Schemes	75
148,347	TOTAL EXPENDITURE PAYABLE	139,189
82,077	NET AMOUNT PAYABLE FOR THE YEAR	73,100
(82,077)	ADDITIONAL CONTRIBUTION FROM EMPLOYER	(73,100)
0		0

Notes to the Pension Fund Account

2015/16 £'000		2016/17 £'000
	NET ASSETS STATEMENT	
0	Contribution due from Employer	0
0	Unpaid Pension Benefits	0
0	Amount Owing from the Police Fund	0
0		0

The Police Pension Scheme in England and Wales

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

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

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

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

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

The Net Asset Statement does not include liabilities to pay pensions and other benefits after the Group

YORKSHIRE AND
THE HUMBER
LEAD FORCE COLLABORATION

REVENUE
ACCOUNT

2016/17

NARRATIVE TO THE REVENUE ACCOUNT

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	41.94%
South Yorkshire	25.23%
North Yorkshire	15.05%
Humberside	17.78%

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

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

YORKSHIRE AND HUMBER REGIONAL COLLABORATION

REVENUE ACCOUNT FOR THE PERIOD

1 APRIL 2016 TO 31 MARCH 2017

2015/16 £000		2016/17 £000
	EXPENDITURE	
20,847	Staff Costs	22,468
976	Property Related Expenses	1,003
11,116	Supplies and Services	12,052
706	Transport Related Expenses	805
33,645		36,328
	INCOME	
3,678	Other Income	4,206
29,967	Contributions	32,122
33,645		36,328
0	(DEFICIT)/SURPLUS IN YEAR	0

NPAS

REVENUE
ACCOUNT

2016/17

NARRATIVE TO THE REVENUE ACCOUNT

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 previous local 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 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.

NPAS

REVENUE ACCOUNT FOR THE PERIOD

1 APRIL 2016 TO 31 MARCH 2017

2015/16 £000		2016/17 £000
	EXPENDITURE	
20,306	Staff Costs	21,248
2,060	Property Related Expenses	1,812
2,405	Supplies and Services	1,864
14,554	Transport Related Expenses	15,800
39,325		40,725
	INCOME	
(38,673)	Contributions	(40,253)
(652)	Other Income	(472)
(39,325)		(40,725)
0	(DEFICIT)/SURPLUS IN YEAR	0

ANNUAL GOVERNANCE STATEMENT FOR THE CHIEF CONSTABLE FOR WEST YORKSHIRE POLICE

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

Scope of Responsibility

The 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 their functions the CC must ensure that good value for money is obtained and this includes ensuring that persons under their direction and control obtain good value for money in exercising their functions. West Yorkshire Police (as a standalone entity) is legally required to produce an Annual Governance Statement. The Statement helps the PCC to hold the 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 the CC to account for the exercise of those functions and those of the persons under their direction and control. It therefore follows that the PCC must satisfy himself that the Force has appropriate mechanisms in place for the maintenance of good governance, and that these operate in practice.

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

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
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 operational existence for the foreseeable future, in particular that the revenue accounts and Balance Sheet assume no intention to curtail significantly the scale of operations.

Group

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

Impairment

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

Local Policing Body

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

Comprehensive Income and Expenditure Statement

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

Police and Crime Commissioner (PCC)

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

Precept

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

Relevant Police Officer

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

year or more.

Remuneration

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

Senior Employee

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

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

Senior Police Officer

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