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# WEST YORKSHIRE POLICE

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**Statement of Accounts  
2017/18**



# CHIEF CONSTABLE FOR WEST YORKSHIRE POLICE

## STATEMENT OF ACCOUNTS 2017/18

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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 47 represents a true and fair view of the financial position of the Chief Constable for West Yorkshire Police as at 31 March 2018, and its income and expenditure for the year ended 31 March 2018.

**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  
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

We have audited the financial statements of the Chief Constable of West Yorkshire ('the Chief Constable') for the year ended 31 March 2018 which comprise the Chief Constable's Comprehensive Income and Expenditure Statement, the Chief Constable's Balance Sheet, the Chief Constable's Movement in Reserves Statement, the Chief Constable's Cash Flow Statement and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2018 and of the Chief Constable's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Chief Constable in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

**Other information published with the financial statements**

The Chief Finance Officer is responsible for the other information published with the financial statements, including the Narrative Statement and the Annual Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. In our opinion the other information published with the financial statements for the financial year is consistent with the financial statements.

**Chief Finance Officer's responsibilities**

As explained more fully in the statement set out on page 7, the Chief Finance Officer is responsible for: the preparation of the Chief Constable's 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 2017/18; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Chief Constable's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting on the assumption that the functions of the Chief Constable will continue in operational existence for the foreseeable future.

**Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

## **REPORT ON OTHER LEGAL AND REGULATORY MATTERS**

### **Report on the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources**

#### **Conclusion**

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2017, we are satisfied that, in all significant respects, Chief Constable of West Yorkshire put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

#### **Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether 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 Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable of West Yorkshire put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

#### **Statutory reporting matters**

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

- 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;
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014;
- an application has been made to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- an advisory notice has been issued under Section 29 of the Local Audit and Accountability Act 2014;
- an application for judicial review has been made under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

## **THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES**

This report is made solely to the Chief Constable, as a 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 a 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 a corporation sole, for our audit work, for this report, or for the opinions we have formed.

## **CERTIFICATE OF COMPLETION OF THE AUDIT**

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.

Robert Jones  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
1 St Peter's Square  
Manchester  
M2 3AE

## **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;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.
- assessed the Authority's [and the Group's] ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Authority [and the Group] will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## NARRATIVE REPORT AND FINANCIAL REVIEW

### PREFACE

#### Introduction to the 2017/18 Statement of Accounts by Dee Collins, Chief Constable for West Yorkshire Police



We serve a diverse population of 2.3 million people and together we face complex 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 through Neighbourhood Policing. Connecting us to the communities we serve, making us visible and accessible and enabling us to problem solve so that we deliver sustainable and long term solutions to address crime and anti-social behaviour.

The five policing purposes set out in the Policing Strategy clearly outline what the communities of West Yorkshire can expect to receive from us in order to keep them safe and we will continue to work together with our communities, statutory partners and the voluntary sector to be creative and innovative to deliver high quality policing services to all our communities.

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 progress to our “Target Operating Model” which sets out how policing services and capabilities will be delivered at either a local, Force, Regional or National level. Ensuring all that we do is in the best interests of the communities of West Yorkshire.

### 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 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 2018). This has resulted in a reduction in police officer strength (headcount), from 5,815 at 31 March 2010 to stand at 5,108 as at 31 March 2018 (a reduction of 707 officers) and a reduction in police staff

(including PCSOs) strength (headcount) from 4,697 to 4,400 (a reduction of 296).

The budget for 2018/19, including the Force’s National and Regional commitments (inc Counter Terrorism, Regional Crime, NPAS, Regional Scientific Support, VIPER and national firearms) has 4,911 Police Officers (FTE), 3,442 Police staff (FTE), and 603 PCSO’s (FTE). In reshaping our organisation to work within a reducing budget, we have sought to deliver savings in back-office and operational support areas whilst seeking to protect frontline delivery.

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

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 WEST YORKSHIRE POLICE 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 2017/18 was £409.418m.

## **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 2.3 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 19 December 2017 in a written ministerial statement. The settlement was a one year only settlement which for West Yorkshire was a flat cash settlement. The written ministerial statement did indicate that the settlement for 2019/20 would be at a similar level subject to efficiency targets being met. At this stage it is not clear what the targets are. The funding settlement required inflation costs and pay rises to be absorbed into the budget. For West Yorkshire unavoidable inflation and pay rise costs to be absorbed in 2018/19 are over £9m. There was also an increase in national top slicing from £812m in 2017/18 to £945m in 2018/19 (16% 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.

The 2017 HMICFRS Assessments of West Yorkshire Police have all now been published and these rate the Force as GOOD across all the three PEEL pillars of Efficiency, Legitimacy and Effectiveness.

**c. Revenue****Budget 2017/18**

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.

**Revenue Outturn 2017/18**

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	2017/18 Actual	Variation
	£'000	£'000	£'000
<b>GROUP NET SERVICE EXPENDITURE</b>			
Net Cost of Police Services	422,238	417,112	5,126
OPCC Direction and Control	(633)	181	(814)
OPCC Corporate and Democratic Core	1,594	1,558	36
OPCC Partnership Initiatives	5,260	5,176	84
	428,459	424,027	4,432
Interest Payable	3,849	3,823	26
Other Operating Costs	0	(27)	27
<b>GROUP NET EXPENDITURE</b>	<b>432,308</b>	<b>427,823</b>	<b>4,485</b>
<b>Less: Use of Reserves</b>			
Force Transformation	(3,548)	(4,709)	1,161
Organisational Change Fund	(3,100)	0	(3,100)
Capital Financing Reserve	(800)	0	(800)
Insurance Reserve	(400)	0	(400)
Devolution Reserve	(4,100)	(3,013)	(1,087)
Dilapidation Reserve	(20)	0	(20)
Community Safety Fund	(1,000)	(621)	(379)
Partnership Executive Group	(1,000)	(858)	(142)
Innovation, Income Generation and Investment	(250)	0	(250)
<b>Add: Contribution to Reserves</b>			
VIPER Reserve	0	424	(424)
PFI Reserve	362	1,015	(653)
Community Safety Fund	1,000	1,000	0
Wellbeing Reserve	375	0	375
Regional Working Reserve	0	1,000	(1,000)
PNLD Reserve	0	178	(178)
Partnership Executive Group	1,000	1,000	0
Contribution / (Use of Balances)	(11,409)	(13,821)	2,412
<b>TOTAL GROUP NET EXPENDITURE</b>	<b>409,418</b>	<b>409,418</b>	<b>0</b>
<b>FINANCING</b>			
Police Grant	169,131	169,131	0
RSG	16,693	16,693	0
NNDR	127,500	127,500	0
Precept	96,094	96,094	0
<b>TOTAL GROUP FINANCING</b>	<b>409,418</b>	<b>409,418</b>	<b>0</b>

## Outlook – Medium Term Financial Forecast

The Medium Term Financial Forecast presented today shows a balanced positions for 2018/19 following the use of £17.252m of revenue reserves (£11.37m of which is specifically for organisational transformation), and the position for future years, if the significant saving plans in place are met, as:

- 2019/20 £4.800m shortfall
- 2020/21 £1.023m shortfall
- 2021/22 balanced

It is important to note that in planning for future years, at this point in time due to uncertainty around funding, no additional officers have been forecast for 2019/20 and beyond despite current and increasing demand pressures on the police, and the increasing complexities of policing. A high level summary of the MTFF is provided below.

	2018/19 Estimate at Outturn £000	2019/20 Estimate at Outturn £000	2020/21 Estimate at Outturn £000	2021/22 Estimate at Outturn £000
Pay	401,084	403,061	401,862	406,274
Non pay	109,614	106,800	107,383	106,599
Income	(81,504)	(82,517)	(82,644)	(83,624)
<b>Total Force Budget</b>	<b>429,194</b>	<b>427,344</b>	<b>426,601</b>	<b>429,249</b>
Office of the PCC	1,601	1,608	1,624	1,624
Community Safety Fund	5,260	5,260	5,260	5,260
Shared Services	243	243	243	243
PNLD	(21)	(21)	(21)	(21)
<b>Total OPCC and Shared Services</b>	<b>7,083</b>	<b>7,090</b>	<b>7,106</b>	<b>7,106</b>
<b>Net Budget Requirements</b>	<b>436,277</b>	<b>434,434</b>	<b>433,707</b>	<b>436,355</b>
Funded by:				
Contribution from Reserves	17,252	5,780	3,879	2,475
Police Grant	313,323	313,323	313,323	313,323
Collection Fund Surplus/(Deficit)	1,041	1,041	1,041	1,041
Precept Requirements	104,661	109,490	114,441	119,516
<b>Total Funding</b>	<b>436,277</b>	<b>429,634</b>	<b>432,684</b>	<b>436,355</b>
Shortfall	0	4,800	1,023	0

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 2017/18**

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

	Annual Budget £000	Annual Spend £000
Estates Schemes	22,895	26,302
Vehicles and Equipment	5,764	3,754
ICT Schemes	2,365	9,308
Transformational Schemes	2,525	4,709
NPAS	11,059	11,059
	<u>44,608</u>	<u>55,132</u>

**Medium Term Capital Plan**

The Group has approved a Medium Term Capital Plan (MTCP) costing £119.189m over the next four years, which will provide the Force with appropriate infrastructure and assets to deliver innovative policing strategies with fewer resources.

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	Total £000
Estates Schemes	6,298	17,184	6,842	1,352	31,676
Vehicles and Equipment	3,300	2,800	2,200	2,154	10,454
ICT Schemes	6,016	4,942	3,728	2,750	17,436
Transformational Schemes	3,467	0	0	0	3,467
NPAS	14,039	14,039	14,039	14,039	56,156
	<u>33,120</u>	<u>38,965</u>	<u>26,809</u>	<u>20,295</u>	<u>119,189</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 2018 we had negative net assets of £5.083 billion. The main reason we have negative assets is because of the pension liabilities associated with the unfunded police officer pension scheme of £4.834 billion, and the deficit of £0.229 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 2017 £000		31 March 2018 £000
0	Long Term Assets	0
0	Current Assets	0
(18,429)	Current Liabilities	(20,582)
(5,417,729)	Long Term Liabilities	(5,062,519)
<b>(5,436,158)</b>	<b>Net Assets</b>	<b>(5,083,102)</b>
<b>(5,436,158)</b>	<b>Total Reserves</b>	<b>(5,083,102)</b>

#### 4. NON-FINANCIAL PERFORMANCE

The 2017 HMICFRS Assessments of West Yorkshire Police have all now been published and these rate the Force as GOOD across all the three PEEL pillars of Efficiency, Legitimacy and Effectiveness. The HMICFRS 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 related to Child Sexual Exploitation and Abuse, Missing People, Domestic Abuse and Mental Health related occurrences.

The Forces change programme continues at pace. The new Neighbourhood Policing model completed implementation on the 26th March 2018, the PEC/Helpdesk and FCMU projects have now been fully implemented and have entered the business as usual phase and the project mandate for the Investigations Review has now been agreed by COT (and will focus on addressing the Areas for Improvement identified in the HMICFRS PEEL Effectiveness report).

The engagement and health & wellbeing agenda continues to be driven forward through the Wellbeing Charter, Change Champion Network and Engagement Events and aims to build upon the latest West Yorkshire Police staff survey which reported that Officers and Staff feel more positive about their work and the support they receive. Chief Officers have again agreed that the Force will take part in this year's Global Challenge which has already seen a 50% increase in participation to 2,100 people.

The Crime Survey for England and Wales reports positive results for West Yorkshire with a long-term reduction in the risk of victimisation across the region, and no significant change in the current trend. This contrasts with the recorded crime figures which report an increase in recorded crime that is now consistent with the increases reported by other Forces nationally.

#### 5. PEOPLE

At 31st March 2018 West Yorkshire Police employed 9,508 people in full and part time contracts. We also had 394 unpaid members of the special constabulary and 117 volunteers giving a total workforce of 10,119.

Below is the make-up of the Police workforce.

Totals including Collaboration	As at 31/3/18			2018/19
	Workforce Head Count	Actual Full Time Equivalentents	Budgeted Full Time Equivalentents	Budgeted Full Time Equivalentents
Police Officers	5,108	4,978	4,897	4,911
Police Staff	3,767	3,250	3,743	3,442
PCSO's	633	611	595	603
Paid Employees	9,508	8,839	9,235	8,956
Special Constabulary	394			
Volunteers	217			
Total Workforce	10,119			

## 6. PRINCIPAL RISKS AND UNCERTAINTIES

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

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

These are being actively managed by the Chief Constable's Leadership Team, the Risk Management Group and quarterly updates are provided to the Police and Crime Commissioner's "Good Governance Group" and the Joint Independent Audit and Ethics Committee.

## 7. SUMMARY AND CONCLUSION

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.

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

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

Further information about the accounts is available from:

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

## FINANCIAL STATEMENTS

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

2016/17 (Restated)				2017/18		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
115,770	0	115,770	Policing District West	137,114	0	137,114
116,702	0	116,702	Policing District East	135,825	0	135,825
57,763	0	57,763	Policing Specialist Operations	74,986	0	74,986
27,718	0	27,718	Policing Specialist Crime	32,442	0	32,442
20,952	0	20,952	Regional Policing	28,922	0	28,922
73,214	0	73,214	National Policing	84,300	0	84,300
73,019	0	73,019	Finance and Business Services	86,495	0	86,495
65,370	0	65,370	Corporate and Central Services CC	78,217	0	78,217
<b>550,508</b>	<b>0</b>	<b>550,508</b>	<b>Cost of Policing Service</b>	<b>658,301</b>	<b>0</b>	<b>658,301</b>
		(534,418)	Inter Group Funding			(577,563)
		148,355	Financing and investment income and expenditure (Note 13)			133,875
		<b>164,445</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>214,613</b>
		950,683	Remeasurement of net defined benefit liability / (asset)			(567,668)
		<b>950,683</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(567,668)</b>
		<b>1,115,128</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(353,055)</b>

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

2016/17 (Restated)				2017/18		
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
110,596	5,174	115,770	Policing District West	115,682	21,432	137,114
111,478	5,224	116,702	Policing District East	114,650	21,175	135,825
56,121	1,642	57,763	Policing Specialist Operations	65,942	9,044	74,986
27,024	694	27,718	Policing Specialist Crime	28,355	4,087	32,442
21,174	(222)	20,952	Regional Policing	25,789	3,133	28,922
63,845	9,369	73,214	National Policing	67,009	17,291	84,300
51,105	21,914	73,019	Finance and Business Services	53,043	33,452	86,495
79,421	(14,051)	65,370	Corporate and Central Services CC	72,175	6,042	78,217
<b>520,764</b>	<b>29,744</b>	<b>550,508</b>	<b>Net Cost of Services</b>	<b>542,645</b>	<b>115,656</b>	<b>658,301</b>
(520,764)	(13,654)	(534,418)	Intra-group adjustment	(542,645)	(34,918)	(577,563)
0	148,355	148,355	Other Income and Expenditure	0	133,875	133,875
<b>0</b>	<b>164,445</b>	<b>164,445</b>	<b>(Surplus) or Deficit</b>	<b>0</b>	<b>214,613</b>	<b>214,613</b>

#### 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
(Restated)	£000	£000	£000	£000
<b>Balance at 1 April 2016</b>	0	0	(4,321,029)	(4,321,029)
<b>Movement in Reserves during year</b>				
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)
<b>Total Comprehensive Income and Expenditure</b>	<b>(164,445)</b>	<b>(164,445)</b>	<b>(950,683)</b>	<b>(1,115,128)</b>
Adjustments between accounting basis & funding basis under regulations (note 7)	164,445	164,445	(164,445)	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>0</b>	<b>0</b>	<b>(1,115,128)</b>	<b>(1,115,128)</b>
<b>Increase/Decrease in year</b>	<b>0</b>	<b>0</b>	<b>(1,115,128)</b>	<b>(1,115,128)</b>
<b>Balance at 31 March 2017 C/fwd</b>	<b>0</b>	<b>0</b>	<b>(5,436,158)</b>	<b>(5,436,158)</b>

### 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
<b>Balance at 1 April 2017</b>	0	0	(5,436,158)	(5,436,158)
<b>Movement in Reserves during year</b>				
Surplus or (deficit) on the provision of services	(214,612)	(214,612)	0	(214,612)
Other Comprehensive Income and Expenditure	0	0	567,668	567,668
<b>Total Comprehensive Income and Expenditure</b>	<b>(214,612)</b>	<b>(214,612)</b>	<b>567,668</b>	<b>353,056</b>
Adjustments between accounting basis & funding basis under regulations (note 7)	214,612	214,612	(214,612)	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>0</b>	<b>0</b>	<b>353,056</b>	<b>353,056</b>
<b>Increase/Decrease in year</b>	<b>0</b>	<b>0</b>	<b>353,056</b>	<b>353,056</b>
<b>Balance at 31 March 2018 C/fwd</b>	<b>0</b>	<b>0</b>	<b>(5,083,102)</b>	<b>(5,083,102)</b>

## Balance Sheet

### Chief Constable for West Yorkshire Police

31 March 2017 £000		31 March 2018 £000
0	Non-current assets	0
0	Current assets	0
<b>0</b>	<b>Total Assets</b>	<b>0</b>
(18,429)	Short Term Creditors (note 10)	(20,582)
<b>(18,429)</b>	<b>Current Liabilities</b>	<b>(20,582)</b>
(5,417,729)	Net Pension Liability (note 13)	(5,062,519)
<b>(5,417,729)</b>	<b>Long Term Liabilities</b>	<b>(5,062,519)</b>
<b>(5,436,158)</b>	<b>Net Assets</b>	<b>(5,083,102)</b>
(18,428)	Accumulated Absences Account (note 11)	(20,582)
(5,417,730)	Pension Reserve (note 11)	(5,062,520)
<b>(5,436,158)</b>	<b>Total Unusable Reserves</b>	<b>(5,083,102)</b>

The CC does not have any cash flows for the year ended 31 March 2018. 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.

## Cash Flow Statement

### Chief Constable for West Yorkshire Police

2016/17 £000		2017/18 £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
<b>0</b>	<b>Net Cash flows from Operating Activities</b>	<b>0</b>
0	Investing Activities	0
0	Financing Activities	0
<b>0</b>	<b>Net Increase or decrease in cash and cash equivalents</b>	<b>0</b>
0	Cash and cash equivalents at the beginning of the reporting period	0
<b>0</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>0</b>

## NOTES TO THE ACCOUNTS

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## **Note 1 - ACCOUNTING POLICIES**

### **General**

The Chief Constable for West Yorkshire Police (CC) 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 2017/18 (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 CC'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 Police.

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 Police (the subsidiary); and,
- The West Yorkshire Police Group.

The financial statements cover the 12 months to the 31 March 2018. The term 'Group' is used to indicate the aggregated transactions and policies of the PCC and the CC.

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

### **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 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 1<sup>st</sup> 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 – EXPLANATION OF ADJUSTMENTS FROM A PREVIOUS PERIOD**

The 2016/17 single entity statements and related notes for the Chief Constable have been restated to reflect a correction of the split of adjustments between the funding and accounting between the Police and Crime Commissioner's single entity statements and the Chief Constable's single entity statements. Statements and notes have been marked as restated where relevant. This results in a minor adjustment on the Group CIES and related notes between the Corporate and Central Services line for the PCC and CC but does not affect the overall group position.

## **Note 4 – EVENTS AFTER THE BALANCE SHEET DATE**

The Statement of Accounts was authorised for issue by the Chief Finance Officer of the CC on 31 May 2018. Events taking place after that date are not reflected in the financial statements or notes. However, where events after this date provide information about conditions existing at 31 March 2018, the figures in the financial statements and notes have been adjusted in all material aspects to reflect the impact of this information.

**Note 5 – NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS**

**Note to the Expenditure and Funding Analysis**  
**Chief Constable**

2016/17 (Restated)				Adjustments Between Funding and Accounting Basis	2017/18			
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	4,983	191	5,174	Policing District West	0	20,860	572	21,432
0	5,030	194	5,224	Policing District East	0	20,610	565	21,175
0	1,568	75	1,643	Policing Specialist Operations	0	8,802	241	9,043
0	658	37	695	Policing Specialist Crime	0	3,978	109	4,087
0	(245)	24	(221)	Regional Policing	0	3,049	84	3,133
8,896	420	53	9,369	National Policing	12,290	4,868	133	17,291
22,274	(375)	15	21,914	Finance and Business Services	31,742	1,664	46	33,452
(17,514)	3,347	115	(14,052)	Corporate and Central Services CC	(9,114)	14,753	404	6,043
<b>13,656</b>	<b>15,386</b>	<b>704</b>	<b>29,746</b>	<b>Net Cost of Services</b>	<b>34,918</b>	<b>78,584</b>	<b>2,154</b>	<b>115,656</b>
(13,656)	0	0	(13,656)	Intra group adjustment	(34,918)	0	0	(34,918)
0	148,355	0	148,355	Other income and expenditure from the Expenditure and Funding Analysis	0	133,875	0	133,875
<b>0</b>	<b>163,741</b>	<b>704</b>	<b>164,445</b>	<b>Difference Between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services</b>	<b>0</b>	<b>212,459</b>	<b>2,154</b>	<b>214,613</b>

**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 Analysed by Nature

Expenditure and income is analysed as follows:	2017/18 £000	2016/17 £000
<b>Expenditure</b>		(Restated)
Employee benefits expenses	494,621	405,865
Premises related expenditure	31,194	28,908
Supplies and services	55,578	50,449
Transport related expenditure	27,689	26,898
Other service expenses	183,094	186,744
Intra Group Funding	(577,563)	(534,419)
<b>Total expenditure</b>	<b>214,613</b>	<b>164,445</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>214,613</b>	<b>164,445</b>

## **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 2017/18

<b>Pensions Reserve Adjustments:</b>	
Reversal of items debited or credited to the CIES	(275,728)
Employer's pensions contributions	63,270
<b>Accumulated Absences Adjustment Account:</b>	
Officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year	(2,154)
<b>Total Adjustments</b>	
	(214,612)

<b>Usable Reserves</b>		<b>Unusable Reserves</b>		
<b>Police Fund Balance</b>	<b>Movement in Usable Reserves</b>	<b>Pensions Reserve</b>	<b>Accumulated Absences Fund</b>	<b>Movement in Unusable Reserves</b>
<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
		275,728	0	275,728
		(63,270)	0	(63,270)
		0	2,154	2,154
		<b>212,458</b>	<b>2,154</b>	<b>214,612</b>

The following adjustments are for 2016/17

<b>Pensions Reserve Adjustments:</b>	
Reversal of items debited or credited to the CIES	(230,780)
Employer's pensions contributions	67,039
<b>Accumulated Absences Adjustment Account:</b>	
Officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year	(704)
<b>Total Adjustments</b>	
	(164,445)

<b>Usable Reserves</b>		<b>Unusable Reserves</b>		
<b>Police Fund Balance</b>	<b>Movement in Usable Reserves</b>	<b>Pensions Reserve</b>	<b>Accumulated Absences Fund</b>	<b>Movement in Unusable Reserves</b>
<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
		230,780	0	230,780
		(67,039)	0	(67,039)
		0	704	704
		<b>163,741</b>	<b>704</b>	<b>164,445</b>

**Note 8 – OFFICER REMUNERATION AND EXIT PACKAGES**

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

<b>CC 2017/18</b>		<b>Salary, Fees and Allowances £</b>	<b>Bonuses £</b>	<b>Pension Contribution £</b>	<b>Total £</b>
Dee Collins Chief Constable	01.04.17- 31.03.18	187,976	0	17,770	<b>205,746</b>
John Robins Deputy Chief Constable	01.04.17- 31.03.18	157,094	0	36,084	<b>193,178</b>
Temporary Assistant Chief Constable (District Policing)	01.04.17- 28.05.17	19,259	0	4,382	<b>23,641</b>
Assistant Chief Constable (People Directorate)	29.05.17- 31.03.18	96,293	0	21,912	<b>118,205</b>
Assistant Chief Constable (Protective Services - Crime)	01.04.17- 31.03.18	117,138	0	26,811	<b>143,949</b>
Assistant Chief Constable (Protective Services Ops)	01.04.17- 12.05.17	16,481	0	0	<b>16,481</b>
Assistant Chief Constable (District Policing)	29.05.17- 31.03.18	88,400	0	20,772	<b>109,172</b>
Assistant Chief Constable (Partnerships and Programme of Change)	01.04.17- 13.05.17	16,196	0	3,681	<b>19,877</b>
Assistant Chief Constable (Partnerships and Programme of Change)	14.05.17- 31.03.18	113,374	0	25,766	<b>139,140</b>
Assistant Chief Officer (Finance & Business Services) and Chief Finance Officer CC	01.04.17- 31.03.18	115,362	0	13,749	<b>129,111</b>
<b>TOTAL</b>		<b>927,573</b>	<b>0</b>	<b>170,927</b>	<b>1,098,500</b>

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

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

CC Remuneration Band	Number of Employees		CC Remuneration Band	Number of Employees	
	2017/18	2016/17		2017/18	2016/17
£50,000 - £54,999	29	23	£80,000 - £84,999	7	9
£55,000 - £59,999	49	50	£85,000 - £89,999	12	11
£60,000 - £64,999	33	35	£90,000 - £94,999	3	4
£65,000 - £69,999	16	18	£95,000 - £99,999	1	1
£70,000 - £74,999	6	7	£100,000 - £104,999	1	2
£75,000 - £79,999	2	0	£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
2017/2018	£	£	£	2017/2018	No	No	No
£0-£20,000	20,767	405,248	426,015	£0-£20,000	1	31	32
£20,001-£40,000	0	655,332	655,332	£20,001-£40,000	0	22	22
£40,001-£60,000	0	1,379,805	1,379,805	£40,001-£60,000	0	28	28
£60,001-£80,000	0	620,864	620,864	£60,001-£80,000	0	9	9
£80,001-£100,000	0	276,086	276,086	£80,001-£100,000	0	3	3
£100,001-£150,000	124,591	490,434	615,025	£100,001-£150,000	1	4	5
£150,001-£200,000	0	0	0	£150,001-£200,000	0	0	0
£200,001-£250,000	0	169,180	169,180	£200,001-£250,000	0	1	1
	145,358	3,996,949	4,142,307		2	98	100
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
£150,001-£200,000	0	0	0	£150,001-£200,000	0	0	0
£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

The CC terminated the contracts of a number of employees in 2017/18, incurring liabilities of £2.5m, (£0.5m in 2016/17). Severance payments totalling £2.1m were identified as being due in the early part of 2018/19 (£0.5m in 2017/18) 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.

	2017/18 £000	2016/17 £000
Fees payable to KPMG with regard to external audit services carried out by the appointed auditor for the year	22	22
<b>Total</b>	<b>22</b>	<b>22</b>



**Note 10 – CREDITORS**

The short term creditor balance of £20.6m (£18.4m 2016/17) relates to the liability for untaken leave and other accumulated absences due to staff at 31 March 2018.

**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.

2016/17 £000	Pensions Reserve	2017/18 £000
<b>(4,303,305)</b>	<b>Balance at 1 April</b>	<b>(5,417,730)</b>
(950,683)	Actuarial gains or losses on pensions assets and liabilities	567,668
(230,780)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(275,728)
67,039	Employer's pensions contributions and direct payments to pensioners payable in the year	63,270
<b>(5,417,730)</b>	<b>Balance at 31 March</b>	<b>(5,062,520)</b>

**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.

2016/17 £000	Accumulated Absences Account	2017/18 £000
<b>(17,801)</b>	<b>Balance at 1 April</b>	<b>(18,517)</b>
(716)	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	(2,188)
<b>(18,517)</b>	<b>Balance at 31 March</b>	<b>(20,705)</b>

## **Note 12 – RELATED PARTIES**

The Chief Constable is required to disclose material transactions and balances with related parties, bodies or individuals that have the potential to control or exercise significant influence over the Force or be controlled or influenced by the Force. Disclosure of these transactions allows readers to assess the extent to which the Chief Constable might have been constrained in her ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the PCC and Group. In this context related parties include The Police and Crime Commissioner for West Yorkshire; Central Government; Key Management Personnel including Senior Managers and Close Family Members of Key Management Personnel; Other Public Bodies.

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

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

### **Central Government**

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

### **Key Management**

Key Management personnel are required to complete a voluntary declaration of any transactions which they have pecuniary interest in. No interests were declared in 2017/18.

## **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	
	2017/18	2016/17	2017/18	2016/17
<b>COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT</b>				
<b>Cost of Services</b>				
<i>Service cost comprising:</i>				
Current service costs	31,353	21,626	109,327	60,741
Past service costs	1,174	58	0	0
(Gain)/loss from settlements	0	0	0	0
<i>Finance and Investment Income and Expenditure:</i>				
Net interest expense	5,261	4,836	128,614	143,519
<b>Total Pension Costs Recognised in the Provision of Services</b>	<b>37,787</b>	<b>26,520</b>	<b>237,941</b>	<b>204,260</b>
<b>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>				
<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	(4,541)	(75,177)	(82,199)	(73,128)
Experience (gain)/loss on liabilities	2,178	(17,563)	(237,898)	0
Actuarial (gain)/loss arising on changes in demographic assumptions	0	(19,958)	56,997	0
Actuarial (gain)/loss arising on changes in financial assumptions	0	170,872	(302,205)	965,637
<b>Total Pension Costs Recognised in Other Comprehensive Income and Expenditure</b>	<b>(2,363)</b>	<b>58,174</b>	<b>(565,305)</b>	<b>892,509</b>
<b>Total Pension Costs Recognised in the Comprehensive Income and Expenditure Statement</b>	<b>35,424</b>	<b>84,694</b>	<b>(327,364)</b>	<b>1,096,769</b>
<b>MOVEMENT IN RESERVES STATEMENT</b>				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(37,787)	(26,520)	(237,941)	(204,260)
<b>Actual amount charged against the Police Fund Balance for pensions in the year:</b>				
Employers contributions payable to scheme	14,385	18,942	43,732	43,146
Retirement benefits payable to pensioners	193	192	4,960	4,759

## 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	
	2017/18	2016/17	2017/18	2016/17
Fair value of plan assets	634,139	597,320	0	0
Present value of the defined benefit obligation	(863,049)	(805,384)	(4,833,609)	(5,209,664)
<b>Pension asset/(liability) recognised on the Balance Sheet</b>	<b>(228,910)</b>	<b>(208,064)</b>	<b>(4,833,609)</b>	<b>(5,209,664)</b>

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

	CC		CC	
	LOCAL GOVERNMENT PENSION SCHEME £000		PENSION SCHEME £000	
	2017/18	2016/17	2017/18	2016/17
<b>Opening fair value of scheme assets</b>	<b>597,320</b>	<b>491,162</b>	<b>0</b>	<b>0</b>
Interest income	15,756	17,293	0	0
<i>Remeasurements gain / (loss)</i>				
The return on plan assets, excluding the amount included in the net interest expense	4,541	75,177	82,199	73,128
Contributions from employer	14,385	18,942	48,692	47,905
Contributions from employees into the scheme	7,182	6,885	22,801	22,264
Benefits paid	(5,044)	(12,139)	(153,692)	(143,297)
<b>Closing fair value of scheme assets</b>	<b>634,139</b>	<b>597,320</b>	<b>0</b>	<b>0</b>

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

	CC		CC	
	LOCAL GOVERNMENT PENSION SCHEME £000		PENSION SCHEME £000	
	2017/18	2016/17	2017/18	2016/17
<b>Opening present value of scheme liabilities</b>	<b>(805,384)</b>	<b>(633,666)</b>	<b>(5,209,664)</b>	<b>(4,160,800)</b>
Current service cost	(31,353)	(21,626)	(109,327)	(60,741)
Interest cost	(21,016)	(22,129)	(128,614)	(143,519)
Contribution from scheme participants	(7,182)	(6,885)	(22,801)	(22,264)
<i>Remeasurement (gain) and loss:</i>				
Actuarial gain/(loss) arising from changes in demographic assumptions	0	19,958	(56,997)	0
Actuarial gain/(loss) arising from changes in financial assumptions	0	(170,872)	302,205	(965,637)
Actuarial gain/(loss) on liabilities - experience	(2,178)	17,563	237,898	0
Past service costs	(1,174)	(58)	0	0
Benefits paid	5,237	12,331	153,692	143,297
<b>Closing present value of scheme liabilities</b>	<b>(863,049)</b>	<b>(805,384)</b>	<b>(4,833,608)</b>	<b>(5,209,664)</b>

### Local Government Pension Scheme assets comprised:

	2017/18		2016/17	
	£000	%	£000	%
Equities	490,190	77.3%	461,131	77.2%
Property	28,536	4.5%	25,685	4.3%
Government Bonds	59,609	9.4%	60,329	10.1%
Corporate Bonds	23,463	3.7%	23,295	3.9%
Cash	11,415	1.8%	7,168	1.2%
Other	20,927	3.3%	19,712	3.3%
<b>Total Assets</b>	<b>634,139</b>	<b>100.0%</b>	<b>597,320</b>	<b>100.0%</b>

## Basis for Estimating Assets and Liabilities

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

The Local Government Pension Scheme was assessed by AON Hewitt, and the Police Pension scheme by Mercers, both independent firms of actuaries. The most recent full actuarial valuations in respect of the staff scheme was carried out as at 31 March 2016, and in respect of the police schemes as at 31 March 2018.

The principal assumptions used by the actuaries have been:

	LOCAL GOVERNMENT PENSION SCHEME		POLICE PENSION SCHEME	
	2017/18	2016/17	2017/18	2016/17
<i>Mortality assumptions:</i>				
<i>Longevity at 65 (staff) 60 (officers) for current pensioners:</i>				
Men	22.1	22.1	27.0	28.4
Women	25.3	25.2	29.0	30.9
<i>Longevity at 65 (staff) 60 (officers) for future pensioners:</i>				
Men	23.1	23.0	29.0	30.8
Women	27.1	27.0	31.0	33.3
Rate of Inflation CPI	2.0%	2.0%	2.1%	2.3%
Rate of increase in salaries	3.3%	3.3%	3.6%	3.8%
Rate of increase in pensions	2.0%	2.0%	2.2%	2.3%
Rate for discount rate	2.6%	2.6%	2.7%	2.5%

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	
	2017/18		2017/18	
	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
<i>Value of Liabilities:</i>				
With above assumptions	(860,361)	(860,361)	(4,833,608)	(4,833,608)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	+0.1%	-0.1%	+0.1%	-0.1%
Rate for increase in salaries (increase or decrease by 0.1%)	(841,565)	(879,577)	(4,741,591)	(4,925,625)
Rate for increase in pensions (increase or decrease by 0.1%)	(865,502)	(855,275)	(4,849,312)	(4,817,904)
Rate for increase in inflation (increase or decrease by 0.1%)	(874,374)	(846,591)	(4,927,692)	(4,739,524)
Adjustment to mortality age (increase or decrease in 1 year)	+1 year	-1 year	+1 year	-1 year
	(834,787)	(886,079)	(4,961,041)	(4,706,175)

### **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 £130.891m

Local Government Pension Scheme £32.496m

### **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 and in 2016/17 these claims were heard in the Employment Tribunal.

In 2017/18 the Judiciary and Firefighters claims were heard in the Appeal Tribunal. Subsequent to this the respondents are appealing against the Appeal Tribunal Judgements. In the case of Firefighters the claimants are also appealing against aspects of the judgement. The outcome of these further appeals may also influence the outcome of the Police claims. The Tribunal has agreed to stay the Police hearing and the Home Office has requested that the stay is extended in light of the further appeal. In the event that the Police claims are successful it is unclear what remedy would be applied, whether this would require further legislation and who it would impact.

Given the fact that the Judiciary and Firefighter claims are subject to further appeal and the Police claims are yet to be heard, and the uncertainty regarding remedy and quantum at this point in time it is not possible to provide an estimate of the financial effect in the event that the claims are partially or fully successful. For these reasons, no provision has been made in the 2017/18 Accounting Statements.

**WEST YORKSHIRE POLICE**

**PENSION FUND**

**STATEMENT**

**OF**

**ACCOUNTS 2017/18**

## WEST YORKSHIRE POLICE

### PENSION FUND ACCOUNT STATEMENTS

2016/17 £'000		2017/18 £'000
	<b>CONTRIBUTIONS RECEIVABLE</b>	
(39,681)	Employer's Contributions	(41,004)
(3,480)	Early Retirements (Ill Health)	(2,742)
(22,265)	Officers' Contributions	(22,800)
	<b>TRANSFERS IN</b>	
(663)	Individual Transfers In from Other Schemes	(1,245)
<b>(66,089)</b>	<b>TOTAL INCOME RECEIVABLE</b>	<b>(67,791)</b>
	<b>BENEFITS PAYABLE</b>	
114,060	Pensions	118,416
24,894	Commutations and Lump Sum Retirement Benefits	31,075
137	Lump Sum Death Benefits	0
	<b>PAYMENTS TO AND ON ACCOUNT OF LEAVERS</b>	
23	Refunds of Contributions	123
75	Individual Transfers Out to Other Schemes	186
<b>139,189</b>	<b>TOTAL EXPENDITURE PAYABLE</b>	<b>149,800</b>
73,100	NET AMOUNT PAYABLE FOR THE YEAR	82,009
(73,100)	ADDITIONAL CONTRIBUTION FROM EMPLOYER	(82,009)
0		0



**Notes to the Pension Fund Account**

2016/17 £'000		2017/18 £'000
	<b>NET ASSETS STATEMENT</b>	
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**

**2017/18**

## 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	41.90%
South Yorkshire	25.56%
North Yorkshire	16.01%
Humberside	16.53%

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 2017 TO 31 MARCH 2018**

2016/17 £000		2017/18 £000
	<b>EXPENDITURE</b>	
22,468	Staff Costs	24,861
1,003	Property Related Expenses	931
12,052	Supplies and Services	14,303
805	Transport Related Expenses	854
0	Transfer To Reserves	1,000
36,328		41,949
	<b>INCOME</b>	
4,206	Other Income	7,718
32,122	Contributions	34,231
36,328		41,949
0	<b>(DEFICIT)/SURPLUS IN YEAR</b>	0

**NPAS**

**REVENUE**  
**ACCOUNT**

**2017/18**

## 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 was rolled out across the country on a phased basis which commenced in October 2012.

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

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

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 2017 TO 31 MARCH 2018**

2016/17 £000		2017/18 £000
	<b>EXPENDITURE</b>	
21,248	Staff Costs	20,996
1,812	Property Related Expenses	1,802
1,864	Supplies and Services	2,103
15,800	Transport Related Expenses	15,649
40,725		40,550
	<b>INCOME</b>	
(40,253)	Contributions	(38,182)
(472)	Other Income	(2,368)
(40,725)		(40,550)
0	<b>(DEFICIT)/SURPLUS IN YEAR</b>	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 head of Risk and Insurance attends the meetings and reports as appropriate to the CC and to the Joint Independent Audit Committee. Risk management awareness is included in the Force

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

### ***Business Continuity***

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

### ***Insurance***

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

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

West Yorkshire Police takes very seriously its responsibility for the health and safety of all who attend the premises where the business of West Yorkshire Police is conducted or are affected by our undertaking. The overall responsibility for health and safety matters rests with the 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).