



---

# WEST YORKSHIRE POLICE

---

## Statement of Accounts 2013/14

**CHIEF CONSTABLE FOR  
WEST YORKSHIRE POLICE**

**STATEMENT OF ACCOUNTS 2013/14**

	PAGES
Certification by the Chief Finance Officer and Police and Chief Constable for West Yorkshire	3
Audit Opinion	4 - 5
Statement of Responsibilities for the Statement of Accounts	6
Explanatory Foreword to the Statement of Accounts	7 - 10
<i>Financial Statements for the Chief Constable for West Yorkshire Police:</i>	
Movement in Reserves Statements	11
Comprehensive Income and Expenditure Statement	12
Balance Sheet	13
Cash Flow Statement	13
Notes to the Core Financial Statements	14 - 36
Pension Fund Statement of Accounts	37 - 39
Annual Governance Statement	40 - 45
Glossary of Terms	46 - 48

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

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

I certify that the Statement of Accounts set out on pages 10 to 37 represents a true and fair view of the financial position of the Chief Constable for West Yorkshire Police as at 31 March 2014, and its income and expenditure for the year ended 31 March 2014.

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

**Dee Collins**  
**Temporary Chief Constable**  
**West Yorkshire Police**

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

We have audited the financial statements of the Chief Constable of West Yorkshire for the year ended 31 March 2014 on pages 11 to 39. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14. This report is made solely to the Chief Constable in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to the Chief Constable those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Chief Constable's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2014 and of the Chief Constable's expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

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

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

- the annual governance statement set out on pages 40 to 45 does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- the information given in the Explanatory Foreword for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- any matters have been reported in the public interest under section 8 of Audit Commission Act 1998 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under section 11 of the Audit Commission Act 1998; or
- any other special powers of the auditor have been exercised under the Audit Commission Act 1998.

We have nothing to report in respect of these matters

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

## **The Chief Constable's responsibilities**

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

## **Auditor's responsibilities**

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Chief Constable has put in place proper arrangements for securing economy, efficiency and effectiveness in the 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 the use of resources are operating effectively.

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

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2013, as to whether the Chief Constable has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2014.

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

## **Conclusion**

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, we are satisfied that, in all significant respects the Chief Constable put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources for the year ending 31 March 2014.

## **Certificate**

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

**Trevor Rees**  
**for and on behalf of KPMG LLP, Appointed Auditor**  
*Chartered Accountants*  
St James' Square  
Manchester  
M2 6DS  
30<sup>th</sup> September 2014

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

The Chief Constable (CC) for West Yorkshire Police is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers (Chief Finance Officer) has the responsibility for the administration of those affairs;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to approve the Statement of Accounts.

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

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

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

## EXPLANATORY FOREWORD TO THE STATEMENT OF ACCOUNTS

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

The 2013/14 Statement of Accounts are prepared and presented using The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Accounts reflect the current legislative framework as well as the local arrangements operating in practice.

The financial statements for the CC required under the Code consist of:

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

The contents of these statements is explained below.

#### **Movement in Reserves Statement**

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

#### **Comprehensive Income and Expenditure Statement**

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

#### **Balance Sheet**

The Balance Sheet shows the value as at 31 March 2014 of the assets and liabilities recognised by the CC. The net assets (assets less liabilities) are matched by the reserves held by the CC.

#### **Cash Flow Statement**

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

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

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

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

In 2013/14 increases in council tax above the government's excessiveness limit (2%) were subject to the requirement to hold a public referendum to determine whether the proposed increase had public support.

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

---

The Government's Spending Review published in October 2010 reflected overall reductions in Government funding for police of 20% in real terms by 2014/15, with the majority front-end loaded into 2011/12 and 2012/13.

The Local Government Finance Settlement for 2013/14 reduced external support to police authorities by 1.6% on a like for like basis compared with 2012/13. This was a reduction of £5.3m for West Yorkshire. Government grant is allocated between force areas on the basis of their relative need to spend on providing the police service. West Yorkshire's allocation is £5.4m higher than the actual amount of grant received, because the government has decided to reduce the grant to all areas by the same percentage. This means that West Yorkshire receives less grant than its allocation, while other areas receive more.

Indicative figures showed reductions of 3.3% in 2014/15 and 4.4% in 2015/16, although subsequent announcements by government have led to an expectation that that further funding cuts will be imposed in 2016/17 and beyond.

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

Cost savings are still an essential priority. Plans are in place to find £55m savings, however, a further £33m is required over the next three years. Equally important is to improve performance and deliver the Police and Crime Plan to make communities safer and feel safer. The emphasis of the transformation programme will be on leaner leadership, a front line that is protected as far as possible and the introduction of the New Operating Model incorporating multi-agency, co-located Neighbourhood Management Teams.

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

The PCC agreed a revenue budget of £410.8m for 2013/14, which meant that the council tax at band D increased to £135.50.

The latest Medium Term Financial Forecast now projects an overall reduction in budget of £157.0m by 2016/17, although there are significant uncertainties surrounding the level of future government funding and the impact of changes to the way in which council tax benefit is funded.

At the end of 2013/14 the PCC's Police Fund balances stood at £20.5m, a decrease of £20.5m on 2012/13. The reduction is due to the net effect of savings made throughout the year, and transfers to earmarked reserves. The main transfer relates to £20m to fund the Force Transformation, set aside to reinvest in initiatives which reduce costs, increase efficiency or reduce demand, in support of the outcomes in the Police and Crime Plan. Other transfers include £5.5m to the Community Safety Fund and a further £1m to the Partnership Executive Group. These provide funding to partners, through either grants or commissioning, in support of the outcomes in the Police and Crime Plan and will be used over a two year period.

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



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

The following statement compares main items of actual expenditure and income with the approved Revised Estimate for 2013/14:

	Revised Estimate	Actual	Variation
	£'000	£'000	£'000
<b>GROUP NET SERVICE EXPENDITURE</b>			
Net Cost of Police Services	391,290	379,992	11,298
OPCC Direction and Control	1,006	1,003	3
OPCC Corporate and Democratic Core	1,736	1,455	281
	<u>394,032</u>	<u>382,450</u>	<u>11,582</u>
Interest Payable	4,151	4,116	35
Other Operating Costs	(28)	(28)	0
<b>GROUP NET EXPENDITURE</b>	<b><u>398,155</u></b>	<b><u>386,538</u></b>	<b><u>11,617</u></b>
Less: Use of Reserves			
Regional Working Reserve	(319)	(319)	0
Devolution Reserve	(992)	(992)	0
VIPER Reserve	0	(166)	166
Dilapidations	0	(350)	350
Add: Contribution to Reserves			
VIPER Reserve	200	625	(425)
PFI Reserve	3,124	3,601	(477)
Capital Financing Reserve	8,924	8,924	0
PNLD Reserve	0	18	(18)
Organisational Change Fund	4,000	4,000	0
Insurance Reserve	2,400	2,400	0
Community Safety Fund	5,500	5,500	0
Partnership Executive Group	1,000	1,000	0
Innovation, Income Generation and Investment	500	500	0
Force Transformation	20,000	20,000	0
Contribution / (Use of Balances)	(31,681)	(20,468)	(11,213)
<b>TOTAL GROUP NET EXPENDITURE</b>	<b><u>410,811</u></b>	<b><u>410,811</u></b>	<b><u>0</u></b>
<b>FINANCING</b>			
Police Grant	187,770	187,770	0
RSG	2,226	2,226	0
NNDR	141,746	141,746	0
Precept	79,069	79,069	0
<b>TOTAL GROUP FINANCING</b>	<b><u>410,811</u></b>	<b><u>410,811</u></b>	<b><u>0</u></b>

Police officer and police staff numbers have reduced more quickly than anticipated during the year, creating an underspend of around £6.0m.

Significant savings in non-pay budgets include £3.6m in PFI costs, of this £2.864m is the budgeted transfer to the PFI sinking fund and the remaining £0.7m is due to contract variations and savings in utilities; £2.9m in revenue contributions to capital outlay arising from reprofiling of the capital programme; £1.7m over recovery in income largely arising from mutual aid; £1.1m in ill health pension costs, £0.625m in VIPER (Video Identification Parade Electronic Recording) due to planned savings in staff pay and running costs, all transferred to VIPER reserve; and £0.952m in Rents, Rates and Energy (excluding PFI) due to a

combination of one off rate rebates, in year estate rationalisation, savings in CRCs (Carbon Reduction Commitments) and reduced consumption of energy due the mild winter.

**4 Corporate Governance Statement**

The Accounts and Audit (England) Regulations 2011 require that the Annual Governance Statement accompanies the Statement of Accounts. As permitted the CC has elected to continue to publish the Annual Governance Statement with the Statement of Accounts in a single document. The statement is a statutory document which explains the governance processes and procedures in place to enable West Yorkshire Police to carry out its functions effectively. The Annual Governance Statement highlights the internal control environment, comments on its effectiveness and identifies issues for future work.

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

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

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

The NPAS service is being rolled out across the country on a phased basis which commenced in October 2012. West Yorkshire Police joined the service on 1 April 2013. It is anticipated that the full roll out will be complete during 2014/15.

**6 Material Events after the reporting date**

The Financial Statements were authorised for issue by the Chief Finance Officer on 30<sup>th</sup> September 2014. All events relevant to the financial year ended 31 March 2014 have been taken into consideration up to this date and where material recognised in the Statement of Accounts. There can be no reasonable expectation that events after this date could have been taken into account by the CC.

**7 Further Information**

Further information about the accounts is available from:

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

## FINANCIAL STATEMENTS

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

	Police Fund Balance	Total Usable Reserves	Pension Reserve	Accumulated Absences Adjustment Account	Total Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000
RESTATED						
<b>Balance at 1 April 2012</b>	<b>0</b>	<b>0</b>	<b>(3,662,245)</b>	<b>(30,406)</b>	<b>(3,692,651)</b>	<b>(3,692,651)</b>
<b>Movement in Reserves during 2012/13</b>						
Surplus or (deficit) on the provision of services	(202,372)	(202,372)	0	0	0	(202,372)
Other Comprehensive Income and Expenditure	0	0	(361,571)	0	(361,571)	(361,571)
<b>Total Comprehensive Income and Expenditure</b>	<b>(202,372)</b>	<b>(202,372)</b>	<b>(361,571)</b>	<b>0</b>	<b>(361,571)</b>	<b>(563,943)</b>
Adjustments between accounting basis & funding basis under regulations (note 7)	202,372	202,372	(220,413)	18,041	(202,372)	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>0</b>	<b>0</b>	<b>(581,984)</b>	<b>18,041</b>	<b>(563,943)</b>	<b>(563,943)</b>
Transfers (to)/from Earmarked Reserves	0	0	0	0	0	0
<b>Increase/Decrease in 2012/13</b>	<b>0</b>	<b>0</b>	<b>(581,984)</b>	<b>18,041</b>	<b>(563,943)</b>	<b>(563,943)</b>
<b>Balance at 31 March 2013 C/fwd</b>	<b>0</b>	<b>0</b>	<b>(4,244,229)</b>	<b>(12,365)</b>	<b>(4,256,594)</b>	<b>(4,256,593)</b>

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

	Police Fund Balance	Total Usable Reserves	Pension Reserve	Accumulated Absences Adjustment Account	Total Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000
RESTATED						
<b>Balance at 1 April 2013</b>	<b>0</b>	<b>0</b>	<b>(4,244,229)</b>	<b>(12,365)</b>	<b>(4,256,594)</b>	<b>(4,256,594)</b>
<b>Movement in Reserves during 2013/14</b>						
Surplus or (deficit) on the provision of services	(235,740)	(235,740)	0	0	0	(235,740)
Other Comprehensive Income and Expenditure	0	0	275,589	0	275,589	275,589
<b>Total Comprehensive Income and Expenditure</b>	<b>(235,740)</b>	<b>(235,740)</b>	<b>275,589</b>	<b>0</b>	<b>275,589</b>	<b>39,849</b>
Adjustments between accounting basis & funding basis under regulations (note 7)	235,740	235,740	(235,164)	(576)	(235,740)	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>0</b>	<b>0</b>	<b>40,425</b>	<b>(576)</b>	<b>39,849</b>	<b>39,849</b>
Transfers (to)/from Earmarked Reserves	0	0	0	0	0	0
<b>Increase/Decrease in 2013/14</b>	<b>0</b>	<b>0</b>	<b>40,425</b>	<b>(576)</b>	<b>39,849</b>	<b>39,849</b>
<b>Balance at 31 March 2014 C/fwd</b>	<b>0</b>	<b>0</b>	<b>(4,203,804)</b>	<b>(12,941)</b>	<b>(4,216,745)</b>	<b>(4,216,745)</b>

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

2012/13 Net Expenditure RESTATED £000		2013/14		
		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
177,555	Local Policing	221,619	0	221,619
36,433	Dealing with the Public	34,727	0	34,727
40,429	Criminal Justice Arrangements	37,110	0	37,110
22,453	Roads Policing	25,008	0	25,008
27,907	Specialist Operations	32,081	0	32,081
20,215	Intelligence	24,751	0	24,751
123,544	Specialist Investigations	117,344	0	117,344
17,761	Investigative Support	22,992	0	22,992
31,985	National Policing	54,852	0	54,852
3,611	Non Distributed Costs	4,004	0	4,004
355	Pension Costs Past Service Costs	76	0	76
<b>502,248</b>	<b>Net cost of policing services from continuing operations</b>	<b>574,564</b>	<b>0</b>	<b>574,564</b>
4,881	Acquired Operations			18,761
<b>507,129</b>	<b>Net cost of policing services from total operations</b>			<b>593,325</b>
(507,129)	Intra Group Funding			(593,325)
183,239	Pension net interest expense (note 13)			184,676
<b>183,239</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>184,676</b>
361,571	Actuarial (gains)/losses on pension assets/liabilities (note 13)			(275,589)
<b>361,571</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(275,589)</b>
<b>544,810</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(90,913)</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 of providing a services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Taxation is raised by the PCC to cover expenditure in accordance with regulations, this may differ from the accounting cost. The inter-group funding line above represents the funding received from the PCC.

## Balance Sheet for the Chief Constable of West Yorkshire Police

31 March 2013 RESTATED £000		31 March 2014 £000
0	Non-current assets	0
0	Current assets	0
<b>0</b>	<b>Total Assets</b>	<b>0</b>
(12,365)	Short Term Creditors (note 10)	(12,941)
<b>(12,365)</b>	<b>Current Liabilities</b>	<b>(12,941)</b>
(4,244,229)	Net Pension Liability (note 13)	(4,203,803)
<b>(4,244,229)</b>	<b>Long Term Liabilities</b>	<b>(4,203,803)</b>
<b>(4,256,594)</b>	<b>Net Assets</b>	<b>(4,216,744)</b>
(4,244,229)	Pension Reserve (note 11)	(4,203,803)
(12,365)	Accumulated Absences Account (note 11)	(12,941)
<b>(4,256,594)</b>	<b>Total Unusable Reserves</b>	<b>(4,216,744)</b>

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

2012/13 £000		2013/14 £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>

The CC does not have any cash flows for the year ended 31 March 2014. All payments were made from the Police Fund which is managed and held by the CC for West Yorkshire. Cash flows for the Group can be seen within the Group Accounts.

## NOTES TO THE ACCOUNTS

<b>NUMBER</b>	<b>DESCRIPTION</b>	<b>PAGE</b>
Note 1	ACCOUNTING POLICIES	15
Note 2	ASSUMPTIONS ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY	22
Note 3	EVENTS AFTER THE BALANCE SHEET DATE	22
Note 4	EXPLANATION OF ADJUSTMENTS FROM A PREVIOUS PERIOD	22
Note 5	ANALYSIS OF EXPENDITURE	24
Note 6	AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS	25
Note 7	ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS	27
Note 8	OFFICERS' REMUNERATION	27
Note 9	EXTERNAL AUDIT COSTS	29
Note 10	CREDITORS	29
Note 11	RESERVES	29
Note 12	RELATED PARTIES	30
Note 13	DEFINED BENEFIT PENSION SCHEMES	31
Note 14	CONTINGENT LIABILITIES	35
Note 15	REGIONAL COLLABORATION	36

## 1 ACCOUNTING POLICIES

### 1.1 General

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

These financial statements have been prepared in accordance with the Code of Practice 2013/14 (the Code) on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Accounts and Audit Regulations 2011 and the Service Reporting Code of Practice for Local Authorities 2013/14 (SeRCOP). The accounting policies contained in the Code apply International Financial Reporting Standards (IFRS) as adapted for the public sector by the International Public Sector Accounting Standards (IPSAS).

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

### 1.2 Convention

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

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

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

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

Both bodies are required to prepare a separate Statement of Accounts. These financial statements are those of the CC of West Yorkshire Police, and cover the 12 months to the 31 March 2014.

The CC was designated as a Local Authority under statute during 2013/14. The 2012/13 figures have been restated to reflect this position in order that year on year comparisons can be made.

The principal accounting policies adopted are set out below.

### 1.4 Accounting Principles

#### ***Balance Sheet***

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

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

Based on the statutory powers and responsibilities as designated by the Act, and the local agreements and practice in place, and taking account of the guidance included in the Code, it has been determined that all the assets, liabilities and reserves are recognised on the PCC Balance Sheet other than liabilities relating to the staff and officers under the direction and control of the CC. These are recognised in the CC's balance sheet, although ultimate responsibility for the liability remains with the PCC Group.

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

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

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

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

Based on the statutory powers and responsibilities as designated by the Act, and the local agreements and practice in place, and taking account of the guidance included in the Code, it has been determined that expenditure related to the Cost of Police Services is shown in the CC Comprehensive Income and Expenditure Statement, funded by an equal and opposite credit from the PCC. All income and funding and expenditure directly controlled by the PCC is shown in the PCC Comprehensive Income and Expenditure Statement.

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

PCC makes charges to CC:

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

CC makes charges to PCC:

- for the cost of policing services

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

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

CC does not hold any financial instruments.

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

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



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

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

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

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

### **1.8 Provisions**

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

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

### **1.9 Exceptional Items**

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

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

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

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

### **1.10 Carbon Reduction Commitment Scheme**

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

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

## **1.11 Grants and Contributions**

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

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

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

## **1.12 Employee Benefits**

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

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

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

### **1.12.2 Termination Benefits**

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

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

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

### **1.12.3 Post Employment Benefits**

CC employees participate in three different pension schemes:

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

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

The requirements of International Accounting Standard (IAS) 19 'Employee Benefits' have been fully implemented in accordance with policies set out in the Code of Practice. The main aspects of these policies are:

- The attributable liabilities of each scheme are measured on an actuarial basis using the projected unit method, that is, an assessment of the future payments that is made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of projected earnings for current employees;
- Scheme liabilities are discounted at the rate which reflects the time value of money and the characteristics of the liability;
- The attributable assets of the LGPS are measured at fair value. This is based on the following:
  1. Quoted securities – by current bid price;
  2. Unquoted securities – by professional estimate;
  3. 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.

#### **1.12.4 Discretionary Benefits**

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

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

The costs of overheads and support services are charged to those that benefit from the supply of service in accordance with the costing principles of the Service Reporting Code of Practice for Local Authorities 2013/14 (SeRCOP). The total absorption costing principle is used. The full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

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

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

##### **Parent and Subsidiary**

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

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

The Group engages in collaborative working in partnership with the Yorkshire and Humber PCCs/ Forces to deliver a number of specific services on a regional basis. The activities are undertaken under the joint control of the regional PCC's. The administration

of activities is via the Regional Programme Team with the financial administration of regional budgets being led by PCC.

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

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

- The CC single entity financial statements show Regional income and expenditure within the service expenditure analysis apportioned under the relevant headings;
- PCC includes the West Yorkshire share of the Region as contained within the CC single entity accounts, within the group accounts; and,
- Memorandum Regional Accounts are included within the CC's single entity accounts and the Group accounts.

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

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

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

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

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

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

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

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

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

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

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

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

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

- IFRS 13 Fair Value Measurement
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosures of Interest in Other Entities
- IFRS 27 Separate Financial Statements (as amended in 2011)
- IFRS 28 Investments in Associates and Joint Ventures (as amended in 2011)
- IAS 32 Financial Instruments: Presentation

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

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

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

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

The financial statements were authorised for issue by the Chief Finance Officer on 30<sup>th</sup> September 2014. All events relevant to the financial year ended 31 March 2014 have been taken into consideration up to this date and where material recognised in the Statement of Accounts. There can be no reasonable expectation that events after this date could have been taken into account by the CC for West Yorkshire Police.

## **4 **EXPLANATION OF ADJUSTMENTS FROM A PREVIOUS PERIOD****

The Statement of Accounts for 2013/14 had been prepared following the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

### **Post-Employment Benefits**

The classification, recognition, measurement and disclosure requirements introduced by the 2011 amendments to IAS19, the accounting standard for Post-Employment Benefits, has resulted in a restatement to the 2012/13 financial statements. The 2013/14 Code has been amended to reflect these changes. There is no change in the value of the Pension Liability or Pension Reserve as a result of these amendments. Statements and Notes affected are: Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement, and their related notes, all of which have been marked as restated where relevant.

### **Accumulated Absences**

The leave accrual recognised within the 2012/13 financial statement was overstated and has been restated affecting the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, Balance Sheet and related notes.

### **Presentation of the Financial Statements**

Following national guidance from CIPFA, the Audit Commission and discussions with our external auditors KPMG, the 2012/13 Financial Statements for the Chief Constable (CC) have been restated to include a Comprehensive Income and Expenditure Statement showing the gross cost of policing within West Yorkshire, a Movement in Reserves Statement and a Balance Sheet containing the pension and accumulated absences liabilities and reserves for the police officers and staff employed by and under the direction and control of the CC.

The Group Consolidated Financial Statements are unaffected by this restatement.

### **Officers Remuneration Bandings**

The bandings table included within Note 8 has been amended to exclude officers below the rank of Chief Superintendent as required by the CIPFA Code of Practice on Local Authority Accounting.

## 5 ANALYSIS OF EXPENDITURE

### Service Expenditure Analysis

The policing activities in the Comprehensive Income and Expenditure Statement (CIES) for the 12 months to 31 March 2014 are separately identified in accordance with the CIPFA Service Reporting Code of Practice (SeRCOP).

Within the Net Cost of Policing Services there are nine divisions of service under which expenditure is analysed as per the SeRCOP 2013/14. These figures include an overhead allocation on a consistent basis with other headings in the statement. The SeRCOP divisions of service and the activities which fall within these headings are listed below.

#### Local Policing

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

#### Dealing with the Public

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

#### Criminal Justice Arrangements

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

#### Road policing

Traffic Units  
Vehicle Recovery  
Casualty Reduction

#### Specialist operations

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

#### Intelligence

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

#### Specialist Investigations

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

#### Investigative Support

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

#### National Policing

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



2012/13 RESTATED £000	Service Expenditure Analysis	2013/14 £000
	Employee Costs:	
281,874	Police Officer Costs	298,801
110,452	Police Staff Costs	120,310
5,319	Other Pay Costs	10,267
31,387	Premises Related Expenditure	60,028
16,622	Transport Related Expenditure	28,576
44,954	Supplies & Services	35,183
9,228	Third Party Payments	29,906
7,293	Capital Financing	10,254
<b>507,129</b>	<b>COST OF POLICING WITHIN WEST YORKSHIRE</b>	<b>593,325</b>
(507,129)	Intra-group adjustment	(593,325)
<b>0</b>	<b>Net Cost of Policing Services</b>	<b>0</b>

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

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

## 6 AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

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

The following table represent the Senior Management portfolios in place for the majority of 2013/14. However, these do change periodically and the budget reports are amended accordingly.

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

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

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

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

	2013/14 £000	2012/13 RESTATED £000
<b>Expenditure in the ACC analysis</b>	<b>443,472</b>	<b>451,696</b>
Net Expenditure of Services and Support Services not included in the analysis	37,459	24,785
Amounts in the CIES not reported to management in the Analysis	165,092	106,883
Amounts included in the Analysis not included in the CIES	(52,698)	(76,235)
<b>COST OF POLINING WITHIN WEST YORKSHIRE</b>	<b>593,325</b>	<b>507,129</b>

### Reconciliation to Subjective Analysis

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

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

	ACC Analysis £000	Support Service not in Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in CIES £000	Total £000
<b>2012/13 RESTATED</b>					
Employee Expenses	375,620	9,978	(16,587)	0	369,011
Other Service Expenses	75,828	14,807	(984)	0	89,651
Support Service Recharges	248	0	0	0	248
Building Running Costs	0	0	26,640	0	26,640
Interest Payments	0	0	0	589	589
Capital Financing	0	0	0	(16,118)	(16,118)
IAS 19 Adjustments	0	0	97,814	(60,706)	37,108
<b>Total Expenditure</b>	<b>451,696</b>	<b>24,785</b>	<b>106,883</b>	<b>(76,235)</b>	<b>507,129</b>

## 7 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

The following adjustments are for 2013/14

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

Usable Reserves		Unusable Reserves		
Police Fund Balance	Movement in Usable Reserves	Pensions Reserve	Accumulated Absences Fund	Movement in Unusable Reserves
£'000	£'000	£'000	£'000	£'000
(294,383)	(294,383)	294,383	0	294,383
59,219	59,219	(59,219)	0	(59,219)
(576)	(576)	0	576	576
<b>(235,740)</b>	<b>(235,740)</b>	<b>235,164</b>	<b>576</b>	<b>235,740</b>

The following adjustments are for 2012/13

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

Usable Reserves		Unusable Reserves		
Police Fund Balance	Movement in Usable Reserves	Pensions Reserve	Accumulated Absences Fund	Movement in Unusable Reserves
£'000	£'000	£'000	£'000	£'000
(281,052)	(281,052)	281,052	0	281,052
60,639	60,639	(60,639)	0	(60,639)
18,041	18,041	0	(18,041)	(18,041)
<b>(202,372)</b>	<b>(202,372)</b>	<b>220,413</b>	<b>(18,041)</b>	<b>202,372</b>

## 8 OFFICERS' REMUNERATION AND EXIT PACKAGES

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

### FORCE 2013/14

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

**FORCE 2012/13**

John Parkinson Temporary Chief Constable	24.10.12-31.03.13	71,924	0	2,527	<b>74,451</b>
Sir Norman Bettison Chief Constable	01.04.12-24.10.12	158,843	0	0	<b>158,843</b>
Temporary Deputy Chief Constable	01.11.12-31.03.13	53,376	0	1,992	<b>55,368</b>
Deputy Chief Constable	16.04.12-23.10.12	73,982	0	17,055	<b>91,037</b>
Assistant Chief Constable (Specialist Crime)	01.11.12-31.03.13	46,965	0	10,734	<b>57,699</b>
	01.04.12-31.10.12	64,029	0	14,942	<b>78,971</b>
Assistant Chief Constable (Local Policing)	01.04.12-31.03.13	102,025	0	23,420	<b>125,445</b>
Assistant Chief Constable (Corporate Services)	01.04.12-30.09.12	51,124	0	11,344	<b>62,468</b>
Assistant Chief Constable (Specialist Operations and NPAS)	01.10.12-31.03.13	47,747	0	11,344	<b>59,091</b>
Assistant Chief Constable (Operational Support)	15.10.12-31.03.13	48,465	0	10,490	<b>58,955</b>
Assistant Chief Constable (Workforce Development and Standards)	23.04.12-31.03.13	94,984	0	20,733	<b>115,717</b>
	01.04.12-15.04.12	4,562	0	1,067	<b>5,629</b>
Assistant Chief Officer (Finance & Business Services)	01.04.12-31.03.13	104,009	0	11,071	<b>115,080</b>
<b>TOTAL GROUP</b>		<b>922,035</b>	<b>0</b>	<b>136,719</b>	<b>1,058,754</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	
	2013/14	2012/13 (RESTATED)		2013/14	2012/13 (RESTATED)
£50,000 - £54,999	13	9	£80,000 - £84,999	9	5
£55,000 - £59,999	24	10	£85,000 - £89,999	6	7
£60,000 - £64,999	9	3	£90,000 - £94,999	4	3
£65,000 - £69,999	9	0	£95,000 - £99,999	0	3
£70,000 - £74,999	4	1	£100,000 - £104,999	0	1
£75,000 - £79,999	5	2	£105,000 - £109,999	1	0

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

Exit Packages	Compulsory Redundancies	Other Departures	Total	Exit Packages	Compulsory Redundancies	Other Departures	Total
2013/2014	£	£	£	2013/2014	No	No	No
£0 - £20,000	44,103	110,408	154,511	£0 - £20,000	3	10	13
£20,001 - £40,000	30,615	85,942	116,557	£20,001 - £40,000	1	4	5
£40,001 - £60,000	52,357	101,805	154,162	£40,001 - £60,000	1	2	3
	127,075	298,155	425,230		5	16	21
2012/2013	£	£	£	2012/2013	No	No	No
£0 - £20,000	23,573	301,427	325,000	£0 - £20,000	3	24	27
£20,001 - £40,000	58,010	597,192	655,202	£20,001 - £40,000	2	16	18
	81,583	898,619	980,202		5	40	45

The CC terminated the contracts of a number of employees in 2013/14, incurring liabilities of £0.3m. Severance payments totalling £0.075m were identified as being due in the early part of 2014/15 and were accrued in the Comprehensive Income and Expenditure Statement.

## 9 EXTERNAL AUDIT COSTS

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

	2013/14 £000	2012/13 £000
Fees payable to KPMG with regard to external audit services carried out by the appointed auditor for the year	30	30
<b>Total</b>	<b>30</b>	<b>30</b>

## 10 CREDITORS

The short term creditor balance of £12.941m (£12.365m 2012/13) relates to the liability for untaken leave and other accumulated absences due to staff at 31 March 2014.

## 11 USABLE RESERVES

### Pensions Reserve

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

2012/13 RESTATED £000	Pensions Reserve	2013/14 £000
<b>(3,662,245)</b>	<b>Balance at 1 April</b>	<b>(4,244,229)</b>
(361,571)	Actuarial gains or losses on pensions assets and liabilities	275,589
(281,052)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(294,383)
60,639	Employer's pensions contributions and direct payments to pensioners payable in the year	59,219
<b>(4,244,229)</b>	<b>Balance at 31 March</b>	<b>(4,203,804)</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.

2012/13 RESTATED £000	Accumulated Absences Adjustment Account	2013/14 £000
<b>(30,406)</b>	<b>Balance at 1 April</b>	<b>(12,365)</b>
30,406	Settlement or cancellation of accrual made at the end of the preceding year	12,365
(12,365)	Amounts accrued at the end of the current year	(12,941)
18,041	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	(576)
<b>(12,365)</b>	<b>Balance at 31 March</b>	<b>(12,941)</b>

## 12 RELATED PARTIES

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

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

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

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

---

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

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

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

**Key Management**

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

The PCC is a member of the Association of Police and Crime Commissioners (APCC), the annual subscription being paid in the 2013/14 financial year was £0.023m.

Senior officers are members of the Association of Chief Police Officers (ACPO) and engage with ACPO on force business. The Assistant Chief Officer, Finance and Business Services, was a Director during 2012/13 but has since resigned. The former CC was also a director of ACPO. During 2013/14 the Group incurred subscriptions and other costs of £0.141m (2012/13 £0.089m).

Remuneration of Senior Management is disclosed in the Remuneration Report.

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

**13 DEFINED BENEFIT PENSION SCHEMES**

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

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

The Local Government Pension Scheme for Staff under the direction and control of the CC:

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

There are two Pension Schemes for Police Officers, which are unfunded schemes:-

- The 1987 Police Pension Scheme for Police Officers (PPS)

This scheme was closed to new recruits from April 2006 when a new scheme was introduced with different contribution rates:-

- The 2006 New Police Pension Scheme for Police Officers (NPPS).

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

Following funding changes introduced on 1 April 2006 the Group now pays an employer's pension contribution into the Pension Fund Account in respect of both schemes. The schemes provide defined benefits to members (retirement lump sums and pensions) related to pay and service.

### Transactions Relating to Post-employment Benefits

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

The cost of retirement benefits is recognised in the 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:

RESTATE	LOCAL GOVERNMENT PENSION SCHEME		POLICE PENSION SCHEME	
	£000		£000	
	2013/14	2012/13	2013/14	2012/13
<b>COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT</b>				
<b>Cost of Services</b>				
<i>Service cost comprising:</i>				
Current service costs	20,592	18,462	89,039	78,997
Past service costs	76	354	0	0
<i>Finance and Investment Income and Expenditure:</i>				
Net interest expense	7,645	7,600	177,031	175,639
<b>Total Pension Costs Recognised in the Provision of Services</b>	<b>28,313</b>	<b>26,417</b>	<b>266,070</b>	<b>254,636</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	(2,129)	(34,478)	(54,241)	(54,937)
Experience (gain)/loss on liabilities	(18,956)	(519)	0	0
Actuarial (gain)/loss arising on changes in demographic assumptions	(18,701)	0	56,278	39,932
Actuarial (gain)/loss arising on changes in financial assumptions	(45,074)	22,180	(192,766)	389,393
<b>Total Pension Costs Recognised in Other Comprehensive Income and Expenditure</b>	<b>(84,860)</b>	<b>(12,817)</b>	<b>(190,729)</b>	<b>374,388</b>
<b>Total Pension Costs Recognised in the Comprehensive Income and Expenditure Statement</b>	<b>(56,547)</b>	<b>13,600</b>	<b>75,341</b>	<b>629,024</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	(28,313)	(26,417)	(266,070)	(254,636)
<b>Actual amount charged against the Police Fund Balance for pensions in the year:</b>				
Employers contributions payable to scheme	9,794	10,008	44,636	44,914
Retirement benefits payable to pensioners	187	197	4,602	5,521



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

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

	LOCAL GOVERNMENT PENSION SCHEME		POLICE PENSION SCHEME	
	£000		£000	
	2013/14	2012/13	2013/14	2012/13
Fair value of plan assets	428,324	401,193	0	0
Present value of the defined benefit obligation	(531,334)	(570,732)	(4,100,793)	(4,074,690)
<b>Pension asset/(liability) recognised on the Balance Sheet</b>	<b>(103,010)</b>	<b>(169,539)</b>	<b>(4,100,793)</b>	<b>(4,074,690)</b>

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

	LOCAL GOVERNMENT PENSION SCHEME		POLICE PENSION SCHEME	
	£000		£000	
	2013/14	2012/13	2013/14	2012/13
<b>Opening fair value of scheme assets</b>	<b>401,193</b>	<b>343,641</b>	<b>0</b>	<b>0</b>
Interest income	18,810	16,647	0	0
<i>Remeasurements gain / (loss)</i>				
The return on plan assets, excluding the amount included in the net interest expense	2,129	34,478	54,241	54,937
Contributions from employer	9,794	10,008	49,238	50,435
Contributions from employees into the scheme	5,827	5,717	23,358	22,143
Benefits paid	(9,429)	(9,298)	(126,837)	(127,515)
<b>Closing fair value of scheme assets</b>	<b>428,324</b>	<b>401,193</b>	<b>0</b>	<b>0</b>

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

	LOCAL GOVERNMENT PENSION SCHEME		POLICE PENSION SCHEME	
	£000		£000	
	2013/14	2012/13	2013/14	2012/13
<b>Opening present value of scheme liabilities</b>	<b>(570,732)</b>	<b>(509,784)</b>	<b>(4,074,690)</b>	<b>(3,496,101)</b>
Current service cost	(20,592)	(18,462)	(89,039)	(78,997)
Interest cost	(26,454)	(24,247)	(177,031)	(175,639)
Contribution from scheme participants	(5,827)	(5,717)	(23,358)	(22,143)
<i>Remeasurement (gain) and loss:</i>	0	0		
Actuarial gain/(loss) arising from changes in demographic assumptions	18,701	0	(56,278)	(39,932)
Actuarial gain/(loss) arising from changes in financial assumptions	45,074	(22,180)	192,766	(389,393)
Actuarial gain/(loss) on liabilities - experience	18,956	519	0	0
Past service costs	(76)	(354)	0	0
Benefits paid	9,616	9,494	126,837	127,515
<b>Closing present value of scheme liabilities</b>	<b>(531,334)</b>	<b>(570,732)</b>	<b>(4,100,793)</b>	<b>(4,074,690)</b>

**Local Government Pension Scheme assets comprised:**

	2013/14		2012/13	
	£000	%	£000	%
Equities	327,232	75.6%	284,446	70.9%
Property	12,985	3.0%	13,239	3.3%
Government Bonds	44,150	10.2%	49,748	12.4%
Corporate Bonds	23,807	5.5%	24,072	6.0%
Cash	11,687	2.7%	11,635	2.9%
Other	12,985	3.0%	18,054	4.5%
<b>Total Assets</b>	<b>432,846</b>	<b>100.0%</b>	<b>401,193</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 both schemes were carried out as at 31 March 2014.

The principal assumptions used by the actuaries have been:

	LOCAL GOVERNMENT PENSION SCHEME		POLICE PENSION SCHEME	
	2013/14	2012/13	2013/14	2012/13
<i>Mortality assumptions:</i>				
<i>Longevity at 65 (staff) 60 (officers) for current pensioners:</i>				
Men	22.5	22.1	28.0	27.4
Women	25.4	24.3	30.5	29.7
<i>Longevity at 65 (staff) 60 (officers) for future pensioners:</i>				
Men	24.7	23.9	30.4	29.4
Women	27.7	26.2	33.0	31.7
Rate of Inflation RPI	3.4	3.7		
Rate of Inflation CPI	2.4	2.8	2.4	2.4
Rate of increase in salaries	3.9	4.7	3.9	3.9
Rate of increase in pensions	2.4	2.8	2.4	2.4
Rate for discount rate	4.4	4.6	4.4	4.4

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	
	2013/14		2013/14	
	Increase	Decrease	Increase	Decrease
	in Assumption		in Assumption	
<i>Value of Liabilities:</i>				
With above assumptions	(531,334)	(531,334)	(4,100,793)	(4,100,793)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	+0.1%	-0.1%	+0.1%	-0.1%
	(524,072)	(546,939)	(4,018,690)	(4,182,896)
Rate for increase in salaries (increase or decrease by 0.1%)	(538,840)	(531,697)	(4,124,035)	(4,077,551)
Rate for increase in pensions (increase or decrease by 0.1%)	(543,316)	(527,623)		
Rate for increase in inflation (increase or decrease by 0.1%)			(4,184,805)	(4,016,781)
	+1 year	-1 year	+1 year	-1 year
Adjustment to mortality age (increase or decrease in 1 year)	(523,898)	(546,541)	(4,174,066)	(4,027,520)

#### 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 2014 (or services after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Groups expected contributions to the schemes in 2014/15 is:

Police Pension Scheme £102.224m

Local Government Pension Scheme £10.234m (The CC's share of the LGPS is approx. 99.6%)

## 14 CONTINGENT LIABILITIES

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

The PCC holds a lease for premises occupied by the North East Counter Terrorism Unit, which is funded by specific grant from the Home Office. Withdrawal of that funding would result in an ongoing liability which would fall on West Yorkshire until such time as the lease could be terminated. At this time it is not possible to predict a value or timing of any obligation falling due.

### Special Police Service Charges

Leeds United Football Club were successful in a legal challenge relating to the level of Special Police Services charged for by West Yorkshire Police. An assessment of the amount due to the Club in respect of charges levied since 2009/10 has been paid and was included in the accounts for 2012/13. There has been a subsequent appeal by West Yorkshire Police, the result of which is not yet known nor is the amount which may be due for costs and interest. At this time it is not practical to predict a value or timing of any obligation falling due.

### 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 provides further information.

### National Police Air Service

West Yorkshire is the lead local policing body and force for the National Police Air Service. The provision of the service is governed by a National Police Collaboration Agreement which provides for all revenue costs incurred to be recovered from service users, including West Yorkshire. NPAS relies entirely upon government funding for the capital investment required to maintain the fleet and generate savings in operating costs. Any additional costs arising for whatever reason, whether change in government policy, additional regulatory requirements or withdrawal of capital funding leading to failure to achieve anticipated savings, should impact on West Yorkshire only to the extent of its own commitment to NPAS. In the unlikely event of this occurring within the next 12 months the extent of West Yorkshire's obligation would be £225k.

### Contract Claim

There is currently an ongoing dispute with a contractor that is claiming historical costs against the Force due to a contract dispute a number of years ago. At this time it is not possible to predict the timing of any obligation falling due, the value of the obligation is estimated as £100k.

### Pensions Appeal

A case has been referred to the Pensions Ombudsman on the review of ill health pensions for a number of Police Officers. The outcome of the case is not yet known. At this time it is not possible to predict a value or timing of any obligation falling due.

## 15 REGIONAL COLLABORATION

The impact of Regional Collaboration on the Group's Financial Statements for the first 5 months to 31 August 2013 is as follows:

- The Group has made a contribution of £5.0m to support regional working and this is included within Cost of Services in the Comprehensive Income and Expenditure Statement.
- The earmarked regional reserve has been fully utilised during 2013/14.

NET COST OF POLICE SERVICES	TOTAL REGIONAL INCOME AND EXPENDITURE 5 MONTHS TO 31 AUGUST 2013			WYP SHARE FOR REGIONAL INCOME AND EXPENDITURE INCLUDED WITHIN THE NET COST OF SERVICES		
	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
Road Policing	994	(994)	0	427	(86)	341
Specialist Operations	297	(297)	0	88	(18)	70
Intelligence	664	(740)	(76)	285	(65)	220
Investigations	2,083	(2,322)	(239)	894	(202)	692
Investigative Support	9,694	(9,472)	222	4,566	(903)	3,663
	13,732	(13,825)	(93)	6,260	(1,274)	4,986

**WEST YORKSHIRE POLICE**

**PENSION FUND**

**STATEMENT**

**OF**

**ACCOUNTS 2013/14**

## WEST YORKSHIRE POLICE

### PENSION FUND ACCOUNT STATEMENTS

2012/13 £'000		2013/14 £'000
	<b>CONTRIBUTIONS RECEIVABLE</b>	
(44,914)	Employer's Contributions	(43,202)
(1,435)	Early Retirements (Ill Health)	(1,434)
(22,143)	Officers' Contributions	(23,358)
	<b>TRANSFERS IN</b>	
(215)	Individual Transfers In from Other Schemes	(1,119)
35	Other – Inter Force Adjustments 1966 and 1974 Reorganisations	0
<b>(68,672)</b>	<b>TOTAL INCOME RECEIVABLE</b>	<b>(69,113)</b>
	<b>BENEFITS PAYABLE</b>	
95,977	Pensions	100,884
25,347	Commutations and Lump Sum Retirement Benefits	20,934
260	Lump Sum Death Benefits	217
	<b>PAYMENTS TO AND ON ACCOUNT OF LEAVERS</b>	
3	Refunds of Contributions	0
2,023	Individual Transfers Out to Other Schemes	1,315
<b>123,610</b>	<b>TOTAL EXPENDITURE PAYABLE</b>	<b>123,350</b>
54,938	NET AMOUNT PAYABLE FOR THE YEAR	54,237
(54,938)	ADDITIONAL CONTRIBUTION FROM EMPLOYER	(54,237)
0		0

## Notes to the Pension Fund Account

2012/13 £'000	NET ASSETS STATEMENT	2013/14 £'000
0	- Contributions Due From Employer	0
0	- Unpaid Pension Benefits	0
0	- Amount Owing From the Police Fund	0
0		0

### The Police Pension Scheme in England and Wales

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

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

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

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

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

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

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

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

### **Scope of Responsibility**

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

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

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

### **The Governance Framework**

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

This statement has been prepared to state West Yorkshire Police current governance arrangements, to report their effectiveness during the year and to outline future actions planned to further enhance arrangements. Part of the new governance arrangements include the Force Accountability Meeting. This is attended by the Senior Managers in the organisation, the PCC and others from the Office of the PCC (OPCC) where the CC is held 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 also carries out a programme of Local Accountability Meetings where each member of the Chief Officer Team attends the District or Department to hold them 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. Police and Crime Plan objectives are cascaded throughout the organisation via Divisional and Departmental Plans and included as appropriate in individual Performance Development Reviews (PDRs).

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

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

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

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

The Force recognises exposure to a wide and diverse range of risks and opportunities in securing the delivery of priorities and objectives. All employees, volunteers, contractors and partners are responsible for identifying and managing risks as part of their role and the

---

Deputy Chief Constable (DCC), as corporate sponsor, ensures that risk management is supported and championed at Chief Officer Team level.

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

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

The Risk Management Group, chaired by the DCC, meets quarterly to monitor changes to the Force risk profile and process. The PCC has a risk champion who attends the meeting to maintain a strategic overview of risk management issues in the Force and report as appropriate to the Joint Independent Audit Committee. Risk management awareness is included in the Force Induction Programmes and ongoing training and guidance is provided appropriate to the level of skill and expertise required through a variety of media.

### ***Business Continuity***

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

### ***Insurance***

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

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

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

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

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

---

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

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

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

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

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

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

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

## **Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation**

The PCC launched the 'Listening to You First' consultation in the first week of taking office and repeated again in November 2013 to properly understand the needs and priorities of all people across West Yorkshire. This was a wide ranging consultation that included a survey sent to existing contacts, community groups and key stakeholders. It was also promoted via media and social media sources. Stakeholder roundtable events have been held in each of the districts and a conference on hate crime.

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

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

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

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

---

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

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

## **Role of the Chief Financial Officer in Local Government**

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

The five key principles are that the CFO:

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

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

## **Standards of Behaviour**

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

## **Significant Governance Issues**

Significant governance issues are defined as

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

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

The outcome of the review is available at <http://www.westyorkshire-PCC.gov.uk/putting-things-right>.

Catherine Crawford, former Chief Executive of the Metropolitan Police Service, was asked to undertake this review and has made a number of observations of ways to improve public trust and confidence in the handling of police complaints, and this has been further refined by work undertaken recently by IPCC. Work is ongoing, in conjunction with the CC, to develop and implement changes to the way that complaints are dealt with. This is supported by a review of the capability and capacity of West Yorkshire professional standards functions, to be undertaken by HMI and a research project, to be undertaken by the University of Sheffield, into the implementation of the new code of ethics in police forces in Yorkshire and the Humber. The Chief Executive has also met with the Police Investigations and Review Commissioner for Scotland and The Lord Advocate to better understand the lessons that can be learned across jurisdictions. He also sits on the Police Advisory Board of England and Wales Chief Officer Disciplinary Sub-committee and two Home Office boards which are reviewing the legislation governing police conduct procedures. The Chief Executive has also contributed to a training programme for newly-appointed PSD officers and staff in order to improve awareness of the role of the PCC in relation to conduct and complaints matters and the context of handling complaints and conduct matters in light of the Crawford Review.

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

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

The extent of organisational change required to achieve the significant forecast budget reductions required, together with the need to prepare for and implement the transfer of police staff from the employment of the PCC to that of the CC, means that the PCC and WYP will continue to face an environment of increased uncertainty and risk.

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

Signed

Dee Collins  
Temporary Chief Constable  
West Yorkshire Police

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

---

## GLOSSARY OF TERMS

### **Accounting Policies**

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

- Recognising
- Selecting measurement bases for and
- Presenting

Assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

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

### **Actuarial Gains and Losses**

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

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

### **Budget**

A statement of the PCC's plans in financial terms. A budget is prepared and approved by the PCC prior to the start of each financial year.

### **Chief Constable (CC)**

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

### **CIPFA**

The Chartered Institute of Public Finance and Accountancy. This is the main professional body for accountants working in the public services.

### **Commuted Lump Sums**

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

### **Contingent Liabilities**

A contingent liability is either:

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

### **Creditors**

Amounts owed by the PCC Group for work done, goods received or services rendered which have not been paid for by the end of the financial year.

### **Current Service Cost (Pensions)**

The increase in the present value of a defined benefits scheme's liabilities expected to arise from the employee service in the current period.

### **Debtors**

Sums of money due to the PCC Group for work done or services supplied but not received at the end of the financial year.

### **Deferred Liabilities**

Liabilities which by arrangement are payable beyond the next financial year at some point in the future or paid off by an annual sum over a period of time.

### **Defined Benefits Scheme**

A pension or other retirement benefit scheme, other than a defined contribution scheme, with rules that usually define the benefit independently of the contributions payable and where the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

### **Financial Year**

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

### **IAS19**

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

### **IFRS**

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

### **Going Concern**

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

### **Group**

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

### **Impairment**

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

### **Local Policing Body**

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

### **Comprehensive Income and Expenditure Statement**

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

### **Police and Crime Commissioner (PCC)**

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

### **Precept**

---

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

**Relevant Police Officer**

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

**Remuneration**

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

**Senior Employee**

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

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

**Senior Police Officer**

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

: