Office of the
Police & Crime Commissioner
West Yorkshire

Statement of Accounts 2017/18

POLICE AND CRIME COMMISSIONER FOR WEST YORKSHIRE

STATEMENT OF ACCOUNTS 2017/18

CERTIFICATION BY THE CHIEF FINANCE OFFICER AND THE POLICE AND CRIME COMMISSIONER FOR WEST YORKSHIRE

The Accounts and Audit Regulations 2015, produced and enforceable under the Local Audit and Accountability Act 2014, require the Statement of Accounts to be signed by the officer responsible for the financial administration of the Accounts for the Police and Crime Commissioner for West Yorkshire and the Group, 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 19 to 87 represents a true and fair view of the financial position of the Police and Crime Commissioner for West Yorkshire and the Group as at 31 March 2018, and its income and expenditure for the year ended 31 March 2018.

Katherine Johnson
Chief Finance Officer for the Police and Crime Commissioner for West Yorkshire

Mark Burns-Williamson
Police and Crime Commissioner for West Yorkshire

INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME COMMISISONER FOR WEST YORKSHIRE

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of the Police and Crime Commissioner for West Yorkshire ('the PCC') for the year ended 31 March 2018 which comprise the PCC and Group Comprehensive Income and Expenditure Statements, the PCC and Group Balance Sheets, the PCC and Group Movement in Reserves Statements, the PCC and Group Cash Flow Statements, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

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

Basis for opinion

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

Going concern

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

Other information published with the financial statements

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

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

Chief Finance Officer's responsibilities

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

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

Report on the PCC's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

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

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

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

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the PCC has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We report if significant matters have come to our attention which prevent us from concluding that the PCC has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the PCC's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether the Police and Crime Commissioner for West Yorkshire had proper arrangements to ensure they took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Police and Crime Commissioner for West Yorkshire put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Statutory reporting matters

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

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit;
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014;
- an application has been made to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- an advisory notice has been issued under Section 29 of the Local Audit and Accountability Act 2014;
- an application for judicial review has been made under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

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

This report is made solely to the PCC, as a corporation sole, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the PCC, as a corporation sole, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the PCC, as a corporation sole, for our audit work, for this report, or for the opinions we have formed.

DELAY IN CERTIFICATION OF COMPLETION OF THE AUDIT

Due to work on the WGA Return not being completed by the 24 July 2018.

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the PCC's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

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

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Police and Crime Commissioner (PCC) for West Yorkshire is required:

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

The Chief Finance Officer is responsible for preparation of the Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

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

- selected suitable accounting policies and then applied them consistently:
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- approved proper accounting procedures and records which were maintained and kept up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the PCC and Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the PCC and Group will continue in operational existence for the forseable future, and
- maintain such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

NARRATIVE REPORT AND FINANCIAL REVIEW

PREFACE

West Yorkshire's Police and Crime Commissioner Mark Burns-Williamson OBE

It is well known that since 2010 the government has cut West Yorkshire's policing budget by over a third at the cost of over 2000 police jobs here. With over £140m worth of savings that have had to be found we have had to make significant efficiencies and prudently earmark our resources to ensure our police service is fit for purpose into the future. However, with further savings needing to be found and with the support of our communities I have increased the police council tax precept to ensure the police, working with our partners, can continue keeping West Yorkshire safe and feeling safe.

I pledged to protect frontline policing and with the money raised locally I continue to strengthen neighbourhood policing, the cornerstone of the way we police in West Yorkshire, protecting the number of Police and Community Support Officers (PCSO's) and putting more resources into recruiting police officers into our communities. People tell me they want more, visible, policing and since 2015 we have been able to recruit additional police officers onto our streets with a new way of working better with partners to make sure we intervene earlier and prevent crime and antisocial behaviour wherever possible.

I will, of course, continue to fight for a fairer funding deal for West Yorkshire and continue to vigorously campaign for more resources for West Yorkshire from the government as this is an area of some of the greatest need yet all too often one of the hardest hit by government cuts. I will also continue to campaign for more proceeds of crime to be returned to the region so that I can put more much needed resources back into the communities that suffered from such criminality in the first place.

With a greater percentage of proceeds of crime money coming back to West Yorkshire I will be able to do more through my Safer Communities Fund which has to date seen over £2m of this money allocated to local groups and organisations working in our communities to prevent crime and antisocial behaviour, reduce reoffending and provide extra support to victims and witnesses.

As the commissioner of victims services I am pleased this year to have renewed Victim Support's contract to deliver core support to victims, to have awarded a contract to Restorative Justice Solutions to provide positive outcomes to victims outside of the criminal justice system and provide the resources for a range of services that also help support victims and witnesses. I am especially pleased that having commissioned the first ever Sexual Assault and Referral Centre in West Yorkshire, we are now looking at an enhanced service to victims of sexual violence with new excellent premises and facilities that should be operational from 2019 providing a key service.

These are tough times as, with less and less resources it becomes harder and harder to meet the increasing challenges we face and improve the services we provide to the people we serve. However, I continue to listen to people across West Yorkshire and, as far as possible in the current climate, provide the services our communities need. We have received 'Good' ratings from the Her Majesty's Inspector of Constabulary and Fire & Rescue Services (HMICFRS) over the past few years for protecting the public and the effective use of resources and this is indeed testament to the hard work of West Yorkshire Police and my office, constantly working with partners to tackle our priorities and meet the shared outcomes set out in the Police and Crime Plan, and meeting our vision of “keeping communities safe and feeling safe.”

THE NARRATIVE REPORT

Overview from the Treasurer – Katherine Johnson
The financial climate remains challenging with the cost of inflation and pay rises being absorbed within the current budget for 2018/19 and predicted to be absorbed within 2019/20. Despite the significant funding reductions referred to in the Police and Crime Commissioner’s foreword, through innovation and partnership working the Police and Crime Commissioner continues to strive to ensure communities are safe and feeling safe.

In order to achieve this, during 2017/18 the Police and Crime Commissioner (PCC) has:

- Provided funding from the Precept for recruiting 200 additional police officers and staff in the 2017/18 and budgeted for 143 additional police officers and staff for 2018/19.
- Increased the number of Police and Community Support Officers despite funding cuts from partner organisations in the 2018/19 budget.
- Given over £500,000 of recovered Proceeds of Crime money to community groups and organisations working to keep communities safe.
- Continued to invest in digital technology to keep police officers more visible on the streets.
- Continued to passport community safety funding to Local Authority partners to enable the Community Safety Partnerships to maintain valuable services to the people of West Yorkshire.
- Entered into new agreements for the provision of services for victims for three years for Victims Services and Restorative Justice.
- Continued to provide funding to the West Yorkshire Rape Crisis Centres.

The Digital Transformation Programme has progressed significantly during 2017/18 with many of the projects successfully mainstreamed into business as usual operations for West Yorkshire Police, demonstrating the effectiveness of the Transformation Fund investment programme.

The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It aims to provide information to help the reader understand the overarching financial position of the PCC (and West Yorkshire Police), and give confidence to the reader that the resources of West Yorkshire Police are effectively managed.

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

1. Explanation of the PCC and Group
2. Introduction to West Yorkshire
3. Financial performance
4. Non-financial performance
5. People
6. Corporate risks and uncertainties
7. Summary and conclusion

1. EXPLANATION OF THE PCC AND GROUP

The Police & Crime Commissioner (PCC) and the Chief Constable are established as separate legal entities. The PCC is elected by the public every four years to secure the maintenance of an efficient and effective police force and to hold the Chief Constable to account for the exercise of his/her functions and those of persons under his/her direction and control. The Chief Constable has a statutory responsibility for the control, direction and delivery of operational policing services in the West Yorkshire Police area.

This set of accounts focuses on those discrete activities which the PCC is directly responsible for, such as community safety and commissioning services for victims and witnesses of crime, as well as the "PCC Group" which includes all aspects of operational policing under the direction and control of the Chief Constable.

The Chief Constable has produced a separate set of accounts which explains how the resources provided by the PCC have been used to deliver operational policing services.

2. AN INTRODUCTION TO WEST YORKSHIRE

The richness of the different people and places of West Yorkshire is the greatest strength of our area. Our cities, towns and villages include some of England's most beautiful landscapes and architecture and the diversity of the 2.3 million people living across the county - with 18 per cent of our population from a minority ethnic background - brings a distinctiveness and strength in difference in us together. Our communities have been enriched by successive generations of people from elsewhere and it is our diversity of people and places that has made West Yorkshire economically, socially and culturally what it is today.

Nevertheless, many people in West Yorkshire live in poverty and are isolated. Many of our Neighbourhood Policing Teams support communities with high levels of deprivation compared to the national average.

3. FINANCIAL PERFORMANCE

a. Economic climate

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

In the 2015 Comprehensive Spending Review the importance to the country of the police service was recognised and most welcome for the service as a whole. Despite the statement that policing has been protected, a serious concern remains about the longer term pressures given the very significant reduction in the size of the Force, and the increasing demand and complexity of policing activity.

This change of direction from a funding perspective has enabled work to begin on rebuilding capacity and capability across West Yorkshire Police, not to the pre-austerity numbers, but to replace some of the numbers we have lost since 2010. The focus continues to be to build and expand capabilities to counter new and complex threats.

b. Financial Management

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

West Yorkshire Police received a "good" rating from HMICFRS in their 2017/18 Police Effectiveness Efficiency & Legitimacy (PEEL) inspection.

c. Revenue

Budget 2017/18
This was the seventh consecutive year of cuts to police funding. Home Office police grant

was reduced to a flat cash settlement, meaning that pay and inflation increases have to be absorbed within current funding levels.

In preparing the annual revenue budget full provision was included for pay and other inflationary increases and further savings were identified through the West Yorkshire Police Programme of Change in order to balance the budget. To enable recruitment to continue a significant amount of reserves were used to balance the budget. The use of reserves can be seen in the table below.

Due to savings made through the programme of change and through raising additional council tax income, the 2017/18 net budget requirement of £420.7m allowed recruitment of 200 new police officer and staff posts in addition to recruiting to vacancies that had arisen as a consequence of natural officer turnover such as retirements. This has allowed recruitment of over 500 officers during 2017/18.

Revenue Outturn 2017/18

The following table provides a high level comparison between the approved budget and actual expenditure for the group. Those under the direct control of the PCC are prefaced with OPCC.

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

Outlook – Medium Term Financial Forecast

The PCC's medium term financial forecast (MTFF) reflects the detail of the government announcements in the Autumn Budget Statement. While the budget balances in short term there is still a very significant challenge ahead to deliver the savings required and to improve performance in the face of further reductions in real terms to the overall budget. The MTFF balances for 2018/19 but has required the use of reserves to balance, in order to continue recruitment. The Programme of Change activity is expected to achieve the savings needed to balance the budget from 2019/20 onwards. The MTFF reflects an increase in Police Officer recruitment and a commitment to maintain PCSO's at their 2017/18 levels.

A high level summary of the MTFF is provided below.

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

All the assumptions underpinning the current MTFF will be revisited and updated quarterly as we continue work on the next budget cycle. The annual revenue budget for 2018/19 of £436.3 million, which required a 7.95 increase in council tax, was approved by the Police and Crime Panel on the 2nd February 2018.

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

d. Capital

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

Capital outturn 2017/18

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

	Revised Annual Budget £000	Annual Spend £000
Estates Schemes	22,895	24,095
Vehicles and Equipment	5,764	4,157
ICT Schemes	2,365	9,121
Transformational Schemes	2,525	4,063
NPAS	14,039	13,696
	47,588	55,132

The additional capital expenditure on Estates schemes has been incurred as a result of the purchase of a North East Regional building funded by Home Office and Capital Receipts.

The total spent on ICT schemes has also seen an increased spend against the original budget. This was due to funding being agreed for Transforming Forensics from the Home Office after the budget was set (£4.5m) and the creation of a DFU accreditation (£1.7m) scheme due to imposing deadline for having the accreditation.

Medium Term Capital Plan

The PCC has approved a Medium Term Capital Plan (MTCP) costing £119.189m over the next four years, which will provide the Force with appropriate infrastructure and assets to deliver innovative policing strategies with fewer resources. Included within the £119.189m is £56.156m capital expenditure for the National Police Air Service (NPAS) currently funded through Home Office Grant.

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	Total £000
Estates Schemes	6,298	17,184	6,842	1,352	31,676
Vehicles and Equipment	3,300	2,800	2,200	2,154	10,454
ICT Schemes	6,016	4,942	3,728	2,750	17,436
Transformational Schemes	3,467	0	0	0	3,467
NPAS	14,039	14,039	14,039	14,039	56,156
	33,120	38,965	26,809	20,295	119,189

e. Group Balance Sheet

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

31 March 2017 £000		**31 March 2018 £000**
282,663	Long Term Assets	270,420
157,885	Current Assets	160,914
(92,404)	Current Liabilities	(106,588)
(5,620,308)	Long Term Liabilities	(5,255,623)
(5,272,164)	**Net Assets**	**(4,930,878)**
(5,272,164)	**Total Reserves**	**(4,930,878)**

4. Non-Financial Performance

In 2017/18, West Yorkshire Police was rated as ‘good’ in each of the three pillars of effectiveness, efficiency and legitimacy in HM Inspectorate of Constabulary’s (HMICFRS) annual PEEL assessments of the Force’s performance.

The Office of the Police and Crime Commissioner reviews West Yorkshire Police’s (WYP) performance through the statistics and reports published by national bodies such as Her Majesty’s Inspectorate of Constabulary and Fire and Rescue Services, the Office of National Statistics, the Ministry of Justice, and through WYP’s own performance monitoring tools. We hold a quarterly meeting with the Chief Constable to discuss performance and to ensure that any new patterns in offending in the county are being addressed.

The nationwide ‘Crime Data Integrity’ (CDI) programme has seen all police forces work to improve the accuracy of crime statistics – the results have had a significant impact on recorded crime figures. West Yorkshire Police in particular have committed to an intensive programme of work to ensure that victims have their crimes recorded accurately and this has made comparing annual performance results difficult.

During 2017/18 there were 265,498 offences recorded in West Yorkshire – representing an increase of 11% compared to the previous year. This increase is largely influenced by CDI recording improvements, but demonstrates a slowing of the rate of increase from the previous year, when a 22% annual increase was recorded. Nationally, some forces are experiencing annual increases in recorded crime up to 40%.

West Yorkshire’s performance is slightly below the England and Wales average increase (15%), and nationally, just one police force saw a decrease in recorded crime in 2017/18[1]. West Yorkshire Police analysts estimate that of the increase seen in this area in 2017/18, around 5% can be attributed to a ‘real’ increased risk of becoming a victim of crime, led by increases in shoplifting, commercial robbery, sexual, criminal damage, violent, and weapons offences. The trend of higher levels of recorded crime is forecast to continue into 2018/19, as West Yorkshire Police and other police forces continue to embed processes that ensure consistency with national crime recording standards.

Running parallel to recorded crime statistics, the Crime Survey of England and Wales (CSEW) provides a national viewpoint of people’s experience of crime. It has the advantage of surveying households which may have chosen not to report a crime. Here, the CSEW identifies that 11.7% of survey respondents in West Yorkshire have been a victim of household crime (data to Dec. 2017). This latest result reflects a reduction in crime rates since December 2012 (when 16.7% of survey respondents stated they had been a victim of household crime), and a stable trend over the past twelve months. West Yorkshire is third in the ranking of eight similar police forces (MSG) for its lower risk of household crime, with the MSG average at 11.1%.

The CSEW’s measure of the risk of personal crime identifies that 3.1% of survey respondents state that they have been a victim. Personal crimes relate to all crimes against the individual (not that of other people in the household). An example of a personal crime would be an assault.

The latest result reflects stable performance, with West Yorkshire matching the average performance amongst its MSG forces.

[1] Latest publically available data to December 2017.

5. PEOPLE

At 31st March 2018 West Yorkshire Police employed 9,508 people in full and part time contracts. We also had 394 unpaid members of the special constabulary and 217 volunteers giving a total workforce of 10,119.

Below is the make-up of the Police workforce.

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

6. PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

7. SUMMARY AND CONCLUSION

West Yorkshire Police continue to deliver effective financial management to support the delivery of the CC Policing Strategy and the PCC Police and Crime Plan. The OPCC Executive and Chief Officer team are fully engaged with the budgeting process to ensure resources are directed to priority areas.

In April 2018 HMICFRS published the results of the Police efficiency, effectiveness and legitimacy (PEEL) inspections. West Yorkshire was assessed as good in the three pillars of efficiency, effectiveness and legitimacy.

The resources available to police forces, and particularly West Yorkshire, have reduced significantly since March 2010 and we are currently delivering policing services within a budget that has been reduced by over £140m. This has resulted in a reduction in police officer strength (headcount), from 5,815 at 31 March 2010 to stand at 5,108 as at 31 March 2018. In reshaping our organisation to work within a reducing budget, we have sought to deliver savings in back-office and operational support areas whilst seeking to protect frontline delivery. The latest medium term financial forecast, which covers the period 2018/19 to 2020/21, provides for some reinvestment in priority areas including additional police officers and the enhancement of cyber and safeguarding capability. Despite the financial challenges the PCC continues to maintain a healthy level of cash balances which will be used in a prudent manner in future years to help manage the budget and deliver the PCC's Police and Crime Plan priorities. The financial outlook remains challenging but I am confident that the Chief Constable, PCC and their respective leadership teams will continue to deliver strong and effective financial management in order to maintain an appropriate level of funding for essential operational services.

EXPLANATION OF ACCOUNTING STATEMENTS

The Accounts and Audit Regulations 2015 require the Police and Crime Commissioner (PCC), and Chief Constable (CC) to produce a Statement of Accounts each financial year. These statements contain a number of different elements which are explained below.

Statement of Accounts

The accounts reflect the current legislative framework as well as the local arrangements operating in practice. Key elements of this framework include:

- The Police Reform and Social Responsibility Act 2011 (the Act);
- The Home Office Financial Management Code of Practice for the Police Service of England and Wales 2013;
- The Police and Crime Commissioner's Scheme of Delegation and Financial Regulations

Within the Group the PCC and the CC have separate single entity financial statements. This reflects the fact that they are two separate corporations sole.

The Police and Crime Commissioner is responsible for the finances of the whole Group and controls the assets, liabilities and reserves. The Police and Crime Commissioner receives all income and funding and makes all payments for the Group from the Police Fund. In turn the Chief Constable fulfils her functions under the Police Reform and Social Responsibility Act within an annual budget agreed by the Police and Crime Commissioner. A scheme of consent is in operation between the two bodies determining their respective responsibilities.

During 2017/18 the vast majority of police staff were under the direction and control of the Chief Constable, and these costs are shown in the Chief Constable's Comprehensive Income and Expenditure Statement.

A small team of staff also supports the Police and Crime Commissioner, shown separately as the corporate and democratic core within the PCC's statements.

This document contains two sets of accounts; the Police and Crime Commissioner's single entity accounts and the Group accounts which incorporates the accounts produced by the Chief Constable.

The single entity statements comprise of:

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

The contents of these statements is explained below.

Group Accounts
The Chief Constable for West Yorkshire is a wholly owned subsidiary of the Police and Crime Commissioner. The accounts of these two bodies are consolidated on a line by line basis with intergroup balances and transactions eliminated in full. They share a common year end of 31st March and apply uniform accounting policies. The group accounts are prepared in accordance with chapter nine of the Code of Practice.

The consolidated Group core financial statements consist of:

Comprehensive Income and Expenditure Statement (CIES)
This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The PCC raises taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Movement in Reserves Statement
This statement shows the movement from the start of the year to the end on the different reserves held by the PCC, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Movement in Reserves Statement shows how the movement in year of the PCC's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to taxation for the year. The Net Increase/Decrease line shows that the statutory General Fund Balance movement in the year following those adjustments.

Balance Sheet
The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the PCC. The net assets of the PCC (assets less liabilities) are matched by the reserves held by the PCC. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e. those reserves that the PCC may use to provide service, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the PCC is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement
The Cash Flow Statement shows the changes in cash and cash equivalents of the PCC during the reporting period. The statement shows how the PCC generates and used cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the PCC are funded by way of taxation and grant income or from the recipients of services provided by the PCC. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the PCC's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the PCC.
As all bank and cash transactions are held and managed by the Police and Crime Commissioner there is no distinction between the Police and Crime Commissioner and Group movements.

The Supplementary Financial Statements are:

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

Annual Governance Statement
This sets out the key governance structures of the PCC and Group and key internal controls.

Pension Fund Accounts
This sets out the financial position of the Police Pension Fund as at 31 March 2018.

Revenue Accounts
Showing a summary of the lead force collaborative regional and national revenue accounts.

Notes
Notes to the financial statements provide more detail about the PCC's and Group's accounting policies and individual transactions.

Further information about the accounts is available from:

Katherine Johnson
Treasurer,
Ploughland House,
62 George Street,
Wakefield.
Telephone 01924 294000.
E-mail katherine.johnson@westyorkshire.pcc.gov.uk

SINGLE ENTITY STATEMENTS FOR THE POLICE AND CRIME COMMISSIONER FOR WEST YORKSHIRE

The notes to the single entity statements are disclosed within the Group Statements
The accounting policies for the single entity statements are as detailed for the Group consolidated statements

Comprehensive Income and Expenditure Statement
Police and Crime Commissioner (Single Entity)

2016/17 (Restated)				2017/18		
Gross Expenditure £000	**Gross Income £000**	**Net Expenditure £000**		**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**
10,834	(128,626)	(117,792)	Corporate and Central Services PCC	11,804	(141,305)	(129,501)
10,834	**(128,626)**	**(117,792)**	**Cost of Policing Service**	**11,804**	**(141,305)**	**(129,501)**
		534,418	Group expenditure not under the direction and control of the PCC			577,563
		416,626	Total Cost of Policing Service			**448,062**
		72,122	Other operating expenditure (Note 9)			79,984
		10,440	Financing and investment income and expenditure (Note 10)			10,402
		(501,775)	Taxation and non-specific grant income and expenditure (Note 11)			(524,003)
		(2,587)	**(Surplus) or Deficit on Provision of Services**			**14,445**
		(4,387)	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(2,639)
		982	Remeasurement of net defined benefit liability / (asset)			(37)
		(3,405)	**Other Comprehensive Income and Expenditure**			**(2,676)**
		(5,992)	**Total Comprehensive Income and Expenditure**			**11,769**

Expenditure and Funding Analysis
Police and Crime Commissioner (Single Entity)

2016/17 (Restated)				2017/18		
Net Expenditure Chargeable to General Fund Balances £000	**Adjustments between the Funding and Accounting Basis £000**	**Net Expenditure in the Comprehensive Income and Expenditure Statement £000**		**Net Expenditure Chargeable to General Fund Balances £000**	**Adjustments between the Funding and Accounting Basis £000**	**Net Expenditure in the Comprehensive Income and Expenditure Statement £000**
(117,848)	56	(117,792)	Corporate and Central Services PCC	(129,815)	314	(129,501)
(117,848)	**56**	**(117,792)**	**Net Cost of Services**	**(129,815)**	**314**	**(129,501)**
520,764	13,654	534,418	Intra-group adjustment	542,645	34,918	577,563
(398,488)	(20,725)	(419,213)	Other Income and Expenditure	(399,124)	(34,492)	(433,616)
4,566	(4,566)	0	Movement from Reserves to General Fund	4,700	(4,700)	0
126,842	**(11,637)**	**115,205**	**Other Income and Expenditure**	**148,221**	**(4,274)**	**143,947**
8,994	**(11,581)**	**(2,587)**	**(Surplus) or Deficit**	**18,406**	**(3,960)**	**14,446**
100,100			Opening General Fund Balance	91,106		
(8,994)			Less/Plus Surplus or (Deficit) on General Fund Balance in Year	(18,406)		
91,106			**Closing General Fund Balance at 31st March**	**72,700**		

Movement in Reserves Statement
Police and Crime Commissioner (Single Entity)

	Revenue Reserves		Capital Reserves				
	Police Fund Balance	Earmarked Reserves	Deferred Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2016	**34,681**	**65,418**	**7,792**	**206**	**108,096**	**49,907**	**158,003**
Movement in Reserves during year							
Surplus or (deficit) on the provision of services	2,586	0	0	0	**2,586**	**0**	**2,586**
Other Comprehensive Income and Expenditure	0	0	0	0	**0**	**3,407**	**3,407**
Total Comprehensive Income and Expenditure	**2,586**	**0**	**0**	**0**	**2,586**	**3,407**	**5,993**
Adjustments between accounting basis & funding basis under regulations (note 7)	(11,581)	0	(1,183)	1,760	**(11,004)**	**11,004**	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	**(8,995)**	**0**	**(1,183)**	**1,760**	**(8,418)**	**14,412**	**5,994**
Transfers (to)/from Earmarked Reserves (Note 8)	3,581	(3,581)	0	0	**0**	**0**	**0**
Increase/Decrease in year	**(5,414)**	**(3,581)**	**(1,183)**	**1,760**	**(8,418)**	**14,412**	**5,994**
Balance at 31 March 2017 C/fwd	**29,267**	**61,837**	**6,609**	**1,966**	**99,679**	**64,317**	**163,996**

Movement in Reserves Statement
Police and Crime Commissioner (Single Entity)

	Revenue Reserves		Capital Reserves				
	Police Fund Balance	Earmarked Reserves	Deferred Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2017	29,267	61,837	6,609	1,966	**99,679**	**64,317**	**163,996**
Movement in Reserves during year							
Surplus or (deficit) on the provision of services	(14,446)	0	0	0	**(14,446)**	**0**	**(14,446)**
Other Comprehensive Income and Expenditure	0	0	0	0	**0**	**2,676**	**2,676**
Total Comprehensive Income and Expenditure	**(14,446)**	**0**	**0**	**0**	**(14,446)**	**2,676**	**(11,770)**
Adjustments between accounting basis & funding basis under regulations (note 7)	(3,958)	0	3,263	(509)	**(1,204)**	**1,204**	**(0)**
Net Increase/Decrease before Transfers to Earmarked Reserves	**(18,404)**	**0**	**3,263**	**(509)**	**(15,650)**	**3,880**	**(11,770)**
Transfers (to)/from Earmarked Reserves (Note 8)	4,584	(4,584)	0	0	**(0)**	**0**	**(0)**
Increase/Decrease in year	**(13,820)**	**(4,584)**	**3,263**	**(509)**	**(15,650)**	**3,880**	**(11,770)**
Balance at 31 March 2018 C/fwd	**15,446**	**57,253**	**9,872**	**1,457**	**84,028**	**68,195**	**152,223**

Balance Sheet
Police and Crime Commissioner for West Yorkshire (Single Entity)

31 March 2017 £000		Notes	31 March 2018 £000
257,363	Property, Plant & Equipment	13	255,435
5,754	Intangible Assets	13	6,117
5,010	Long Term Investments	14	0
14,536	Long Term Debtor	16	8,868
282,663	**Long Term Assets**		**270,420**
70,525	Short Term Investments	14	73,215
75	Assets Held for Sale	13	98
2,113	Inventories	15	2,713
76,069	Short Term Debtors	16	80,984
9,103	Cash and Cash Equivalents	17	3,903
157,885	**Current Assets**		**160,914**
(213)	Cash and Cash Equivalents	17	(94)
(14,459)	Short Term Borrowing	14	(14,896)
(51,865)	Short Term Creditors	18	(65,502)
(2,176)	Short Term PFI Finance Lease Liability	33	(2,187)
(5,263)	Provisions	19	(3,327)
(73,976)	**Current Liabilities**		**(86,006)**
(14,536)	Long Term Creditors	18	(8,868)
(2,000)	Long Term Provisions	19	(500)
(86,467)	Long Term Borrowing	14	(86,021)
(94,797)	Long Term PFI Finance Lease Liability	33	(92,611)
(4,779)	Other Long Term Liabilities	14	(5,105)
(202,579)	**Long Term Liabilities**		**(193,105)**
163,993	**Net Assets**		**152,223**
99,678	Usable Reserves	20	84,028
64,315	Unusable Reserves	21	68,195
163,993	**Total Reserves**		**152,223**

Cash Flow Statement
Police and Crime Commissioner for West Yorkshire (Single Entity)

2016/17 £000		2017/18 £000
161,858	Net (surplus) or deficit on the provision of services	229,058
(165,421)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(246,047)
(8,063)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities.	4,795
(11,626)	**Net Cash flows from Operating Activities (Note 22)**	**(12,194)**
11,921	Investing Activities (Note 23)	4,321
(570)	Financing Activities (Note 24)	12,954
(275)	**Net (Increase) or decrease in cash and cash equivalents**	**5,081**
(8,615)	Cash and cash equivalents at the beginning of the reporting period	(8,890)
(8,890)	**Cash and cash equivalents at the end of the reporting period (Note 17)**	**(3,809)**

GROUP STATEMENTS FOR THE POLICE AND CRIME COMMISSIONER FOR WEST YORKSHIRE

Comprehensive Income and Expenditure Statement
Police and Crime Commissioner Group

2016/17 (Restated) Gross Expenditure £000	Gross Income £000	Net Expenditure £000		2017/18 Gross Expenditure £000	Gross Income £000	Net Expenditure £000
115,770	0	115,770	Policing District West	137,114	0	137,114
116,702	0	116,702	Policing District East	135,825	0	135,825
57,763	0	57,763	Policing Specialist Operations	74,986	0	74,986
27,718	0	27,718	Policing Specialist Crime	32,442	0	32,442
20,952	0	20,952	Regional Policing	28,922	0	28,922
73,214	0	73,214	National Policing	84,300	0	84,300
73,019	0	73,019	Finance and Business Services	86,495	0	86,495
65,370	0	65,370	Corporate and Central Services CC	78,217	0	78,217
10,834	(128,626)	(117,792)	Corporate and Central Services PCC	11,804	(141,305)	(129,501)
561,342	**(128,626)**	**432,716**	**Cost of Policing Service**	**670,105**	**(141,305)**	**528,800**
		72,122	Other operating expenditure (Note 9)			79,984
		158,795	Financing and investment income and expenditure (Note 10)			144,277
		(501,775)	Taxation and non-specific grant income and expenditure (Note 11)			(524,003)
		161,858	**(Surplus) or Deficit on Provision of Services**			**229,058**
		(4,387)	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(2,639)
		951,665	Remeasurement of net defined benefit liability / (asset)			(567,705)
		947,278	**Other Comprehensive Income and Expenditure**			**(570,344)**
		1,109,136	**Total Comprehensive Income and Expenditure**			**(341,286)**

Expenditure and Funding Analysis
Police and Crime Commissioner Group

2016/17 (Restated) Net Expenditure Chargeable to General Fund Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		2017/18 Net Expenditure Chargeable to General Fund Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
110,596	5,174	115,770	Policing District West	115,682	21,432	137,114
111,478	5,224	116,702	Policing District East	114,650	21,175	135,825
56,121	1,642	57,763	Policing Specialist Operations	65,942	9,044	74,986
27,024	694	27,718	Policing Specialist Crime	28,355	4,087	32,442
21,174	(222)	20,952	Regional Policing	25,789	3,133	28,922
63,845	9,369	73,214	National Policing	67,009	17,291	84,300
51,105	21,914	73,019	Finance and Business Services	53,043	33,452	86,495
79,421	(14,051)	65,370	Corporate and Central Services CC	72,175	6,042	78,217
(117,848)	56	(117,792)	Corporate and Central Services PCC	(129,815)	314	(129,501)
402,916	**29,800**	**432,716**	**Net Cost of Services**	**412,830**	**115,970**	**528,800**
(398,488)	(20,725)	(419,213)	Other Income and Expenditure PCC	(399,124)	(34,492)	(433,616)
0	148,355	148,355	Other Income and Expenditure CC	0	133,875	133,875
4,566	(4,566)	0	Movement from Reserves to General Fund	4,700	(4,700)	0
(393,922)	**123,064**	**(270,858)**	**Other Income and Expenditure**	**(394,424)**	**94,683**	**(299,741)**
8,994	**152,864**	**161,858**	**(Surplus) or Deficit**	**18,406**	**210,653**	**229,059**
100,100			Opening General Fund Balance	91,106		
(8,994)			Less/Plus Surplus or (Deficit) on General Fund Balance in Year	(18,406)		
91,106			**Closing General Fund Balance at 31st March**	**72,700**		

Movement in Reserves Statement
Police and Crime Commissioner Group

	Revenue Reserves		Capital Reserves				
	Police Fund Balance	**Earmarked Reserves**	**Deferred Capital Receipts Reserve**	**Capital Grants Unapplied**	**Total Usable Reserves**	**Total Unusable Reserves**	**Total Group Reserves**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 1 April 2016	**34,681**	**65,418**	**7,792**	**206**	**108,097**	**(4,271,122)**	**(4,163,025)**
Movement in Reserves during year							
Surplus or (deficit) on the provision of services	(161,859)	0	0	0	**(161,859)**	**0**	**(161,859)**
Other Comprehensive Income and Expenditure	0	0	0	0	**0**	**(947,278)**	**(947,278)**
Total Comprehensive Income and Expenditure	**(161,859)**	**0**	**0**	**0**	**(161,859)**	**(947,278)**	**(1,109,137)**
Adjustments between accounting basis & funding basis under regulations (note 7)	152,864	0	(1,183)	1,760	**153,441**	**(153,441)**	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	**(8,995)**	**0**	**(1,183)**	**1,760**	**(8,418)**	**(1,100,719)**	**(1,109,137)**
Transfers (to)/from Earmarked Reserves (Note 8)	3,581	(3,581)	0	0	**0**	**0**	**0**
Increase/Decrease in year	**(5,414)**	**(3,581)**	**(1,183)**	**1,760**	**(8,418)**	**(1,100,719)**	**(1,109,137)**
Balance at 31 March 2017 C/fwd	**29,267**	**61,837**	**6,609**	**1,966**	**99,679**	**(5,371,842)**	**(5,272,163)**

Movement in Reserves Statement
Police and Crime Commissioner Group

	Revenue Reserves		Capital Reserves				
	Police Fund Balance	**Earmarked Reserves**	**Deferred Capital Receipts Reserve**	**Capital Grants Unapplied**	**Total Usable Reserves**	**Total Unusable Reserves**	**Total Group Reserves**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 1 April 2017	29,267	61,837	6,609	1,966	**99,679**	**(5,371,842)**	**(5,272,163)**
Movement in Reserves during year							
Surplus or (deficit) on the provision of services	(229,058)	0	0	0	**(229,058)**	**0**	**(229,058)**
Other Comprehensive Income and Expenditure	0	0	0	0	**0**	**570,344**	**570,344**
Total Comprehensive Income and Expenditure	**(229,058)**	**0**	**0**	**0**	**(229,058)**	**570,344**	**341,286**
Adjustments between accounting basis & funding basis under regulations (note 7)	210,654	0	3,263	(509)	**213,408**	**(213,408)**	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	**(18,404)**	**0**	**3,263**	**(509)**	**(15,650)**	**356,936**	**341,286**
Transfers (to)/from Earmarked Reserves (Note 8)	4,584	(4,584)	0	0	**0**	**0**	**0**
Increase/Decrease in year	**(13,820)**	**(4,584)**	**3,263**	**(509)**	**(15,650)**	**356,936**	**341,286**
Balance at 31 March 2018 C/fwd	**15,447**	**57,253**	**9,872**	**1,457**	**84,029**	**(5,014,907)**	**(4,930,878)**

Balance Sheet
Police and Crime Commissioner Group

31 March 2017 (Restated) £000		Notes	31 March 2018 £000
257,363	Property, Plant & Equipment	13	255,435
5,754	Intangible Assets	13	6,117
5,010	Long Term Investments	14	0
14,536	Long Term Debtor	16	8,868
282,663	**Long Term Assets**		**270,420**
70,525	Short Term Investments	14	73,215
75	Assets Held for Sale	13	98
2,113	Inventories	15	2,713
76,069	Short Term Debtors	16	80,984
9,103	Cash and Cash Equivalents	17	3,903
157,885	**Current Assets**		**160,914**
(213)	Cash and Cash Equivalents	17	(94)
(14,459)	Short Term Borrowing	14	(14,896)
(70,293)	Short Term Creditors	18	(86,084)
(2,176)	Short Term PFI Finance Lease Liability	33	(2,187)
(5,263)	Provisions	19	(3,327)
(92,404)	**Current Liabilities**		**(106,588)**
(14,536)	Long Term Creditors	18	(8,868)
(2,000)	Long Term Provisions	19	(500)
(86,467)	Long Term Borrowing	14	(86,021)
(94,797)	Long Term PFI Finance Lease Liability	33	(92,610)
(5,422,508)	Other Long Term Liabilities	14	(5,067,624)
(5,620,308)	**Long Term Liabilities**		**(5,255,623)**
(5,272,164)	**Net Assets**		**(4,930,878)**
99,678	Usable Reserves	20	84,028
(5,371,843)	Unusable Reserves	21	(5,014,907)
(5,272,164)	**Total Reserves**		**(4,930,878)**

Cash Flow Statement
Police and Crime Commissioner Group

2016/17 £000		2017/18 £000
161,858	Net (surplus) or deficit on the provision of services	229,058
(165,421)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(246,047)
(8,063)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities.	4,795
(11,626)	**Net Cash flows from Operating Activities (Note 22)**	**(12,194)**
11,921	Investing Activities (Note 23)	4,321
(570)	Financing Activities (Note 24)	12,954
(275)	**Net (Increase) or decrease in cash and cash equivalents**	**5,081**
(8,615)	Cash and cash equivalents at the beginning of the reporting period	(8,890)
(8,890)	**Cash and cash equivalents at the end of the reporting period (Note 17)**	**(3,809)**

NOTES TO THE ACCOUNTS

Where the Notes for the PCC single entity Accounts differ to that of the Groups, single entity detail will be included within the Group Note, otherwise the single entity Note is the same as the Group Note.

Note 1 - ACCOUNTING POLICIES

General

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

These financial statements have been prepared in accordance with the Code of Practice 2017/18 (the Code) on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC), the Accounts and Audit Regulations 2015 and the Service Reporting Code of Practice for Local Authorities 2017/18 (SeRCOP). The accounting policies contained in the Code apply International Financial Reporting Standards (IFRS) as adapted for the public sector by the International Public Sector Accounting Standards (IPSAS).

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

Convention

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

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

Accounting Concepts

Accruals

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

Going Concern

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

Primacy of legislative requirements

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

Accounting Principles

Relevance

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

Reliability

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

Comparability

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

Understandability

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

Materiality

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

The West Yorkshire Police Group

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

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

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

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

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

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

Accounting Principles

Balance Sheet

Statutory and local arrangements and practice determine that the PCC holds and maintains 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 Chief Constable, which, in line with CIPFA guidance, are shown in the Chief Constable's balance sheet.

Based on the statutory powers and responsibilities as designated by the Police Reform and Social Responsibility Act 2011, and the local agreements and practice in place, and taking account of the guidance included in the Code, it has been determined that all the assets, liabilities and reserves are recognised on the PCC Balance Sheet other than liabilities relating to staff within the employment of the Chief Constable. These are recognised in the Chief Constable's balance sheet, although ultimate responsibility for the liability remains with the PCC Group.

All payments for the Group are made by the PCC from the PCC Police Fund and all income and funding is received by PCC. The PCC has the responsibility for managing the financial relationships with third parties and has legal responsibility 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 Police Reform and Social Responsibility Act 2011, the CC is responsible to the PCC 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 will be 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 (which is largely that expenditure which occurs below Cost of Police Services in the Group CIES) will be shown in the PCC Single Entity CIES.

The Group CIES shows the consolidated income, funding and expenditure of the whole Group.

Intra-Group Charges

PCC makes charges to CC:

- for the use of Long Term Assets. These are based on running costs of the building used.
- for the current service cost of providing retirement benefits to employees

CC makes charges to PCC:

- for the cost of policing services

These charges are eliminated in the Group accounts.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the accounting policies, management is required to make judgements, estimates and assumptions about complex transactions or those involving uncertainty about future events. These are set out in Note 4 to the Accounts.

Changes in Accounting Policy

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

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, charges and rents due are accounted for as income 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 Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather

than the cash flows fixed or determined by the contract.
- 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.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Precept: The accrued income for the year is shown in the Comprehensive Income and Expenditure Statement, and the difference between that and the demand on the Collection Funds (calculated in accordance with regulations) is taken to a Collection Fund Adjustment Account. The Balance Sheet also reflects the balance owed to/by PCC, since the cash paid in year is the share of cash collected from council tax payers. This does not affect the overall financial position.

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 the Group'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 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.

Bad and Doubtful Debts

An assessment is made annually as to what level of debt is outstanding at the end of the financial year and a provision is made for those debts for which recovery is deemed doubtful.

Value Added Tax

VAT is included in the Comprehensive Income and Expenditure Statement, whether of a revenue or capital nature, only to the extent that it is irrecoverable from HM Revenue and Customs.

Provisions

Provisions are made where an event has taken place that gives rise to a legal or constructive obligation that probably requires settlement by a transfer of economic benefits, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged to the Comprehensive Income and Expenditure Statement when the Group becomes aware of the obligation, based on the best estimate of the likely settlement, taking into account relevant risks and uncertainties.

When payment is eventually made, it is charged directly against the corresponding provision in the Balance Sheet. Settlement amounts are shown separately for those which are expected to be settled within a year, and those over a year. If necessary the longer term settlements are discounted in order to present a true and fair view of value of the provision at today's prices. The discount factor used is aligned to the CIPFA Capital Accounting by Local Authorities definition of interest rates, which is updated annually.

Estimated settlements are reviewed at the end of each financial year to ensure that the provision reflects the position at that date. If the provision is higher than the estimated settlements, the excess is credited back to the revenue account.

Where some or all of the payment required to settle a provision is expected to be met by another party, (e.g. from an insurance claim) this is only recognised as income in the revenue account if it is virtually certain that reimbursement is received if the obligation is settled.

Carbon Reduction Commitment Scheme

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

Reserves

Specific amounts are set aside as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts from the Police Fund in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred it is charged to revenue as part of the Cost of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the Movement in Reserves Statement, so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits and do not represent usable resources – these reserves are explained elsewhere in the relevant Accounting Policies and notes to the financial statements.

The Group has a Policy on Provisions and Reserves which was reviewed in February 2017 as part of the closedown process. The treatment of reserves and provisions within the accounts is in line with this policy.

Government Grants and Contributions

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

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

Amounts recognised as due to PCC are not credited to the 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.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable to grants and contributions) or Taxation and Non-specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the Police Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the PCC or 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 Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

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

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

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

Post-Employment Benefits

Employees of the group participate in four different pension schemes:

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

Three Pension Schemes for police officers which are unfunded schemes.

- The 1987 Police Pension Scheme (PPS) which was closed to new recruits from April 2006 when a new scheme was introduced with different contribution rates and benefits.
- The 2006 New Police Pension Scheme (NPPS) which was closed to new recruits with the introduction of a new scheme in 2015.
- The 2015 Police Pension Scheme introduced on 1st April 2015.

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

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

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

1. Quoted securities – by current bid price;
2. Unquoted securities – by professional estimate;
3. unitised securities – by current bid price;
4. property – at market value;

- As unfunded schemes, the police pension schemes have no assets.

The change in the net pension liability is analysed into seven components:

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 Group of liabilities or events that reduce the expected future service or accrual of benefits of employees, debited or credited to the Surplus or Deficit on the Provision of Services in the 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 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 Police Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

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

Discretionary Benefits

The Group 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.

Intangible Fixed Assets

Intangible Assets are identifiable non-monetary assets without physical substance. They must be controlled by the Group as a result of past events (e.g. software licences), and future economic or service benefits must be expected to flow from the intangible asset to the Group.

Expenditure on intangible assets is capitalised when it brings benefits to the Group for more than one financial year.

Internally generated assets are only recognised once it can be demonstrated that:

- The technical feasibility of completing the asset so it is available for sale;
- An intention to complete the asset;
- The ability to use or sell the asset;
- How the asset generates probable future economic benefit or service potential;
- The availability of adequate resources to complete the asset; and
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are measured initially at cost. Amounts are only revalued where the current value of the assets held can be determined by reference to an active market. In practice, no intangible asset held by the Group meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the Police Fund Balance. The gains and losses are therefore reversed out of the Police Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Interests in Companies and Other Entities

Parent and Subsidiary

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

In the PCC single-entity accounts, the interest in the subsidiary is recorded as financial assets at cost, less any provision for losses.

Jointly controlled Operations – Regional Working

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

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

One Force is nominated to provide particular services to the Region, charging the other Forces for the services provided. West Yorkshire is the nominated Force for Serious and Organised Crime and Scientific Support Services.

Principal and Agent

PCC acts as a distribution point for grant monies to other bodies. Where the PCC bears no significant risk in the transaction he is deemed to be acting as an agent. Where the PCC bears significant risk he is acting as a principal.

Within West Yorkshire the PCC distributes funds to a number of external organisations, acting as both principal and agent. On these occasions the principal portion is recognised in the financial statements as being the element of grant that the PCC has been awarded as part of the funding agreement.

Where the PCC acts as an agent, transactions are not reflected in the financial statements, other than debtor and creditor positions between the organisations in the agreement. This net cash position is included in Financing Activities in the Cash Flow Statement.

Property, Plant and Equipment

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services, for rental to others or for administrative purposes that are expected to be used for more than one financial year.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item flows to the Group and the cost of the item can be measured reliably. It is subject to a de-minimis level of £10,000.

Expenditure that maintains but does not extend the previously assessed standards of performance, such as routine repairs and maintenance, is charged to revenue as it is incurred.

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet at current value. If there is no market-based evidence of current value, it is estimated using a depreciated replacement cost approach.

Land and building assets are re-valued at a minimum every five years in accordance with the Practice statements in the Appraisal and Valuation Standards issued by the Royal Institution of Chartered Surveyors. Any material changes to asset valuations are adjusted in the interim period as they occur. Increases in valuation are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement to reverse any previous charges made for related impairment losses.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Fair Value

Non-financial assets, such as surplus assets and investment properties, and financial instruments are measured at fair value. This is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measured date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) In the principal market of asset or liability, or
b) In the absence of a principal market, in the most advantageous market for the asset or liability.

Measurement of fair value is on the basis that a market participant’s ability to generate economic benefits by using the asset in its highest and best use.

Appropriate valuation techniques are used for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets:

- Level 1 - quoted markets
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, whether directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

Impairment

The values of each category of assets and material individual assets are reviewed at the end of each financial year for evidence of reductions in value.

An impairment loss on a re-valued asset shall be recognised in the Revaluation Reserve (these entries are reflected in the Movement in Reserves Statement) to the extent that the impairment does not exceed the amount in the Revaluation Reserve for the same asset (i.e. up to the historical cost of the asset) and thereafter in the Surplus or Deficit on the Provision of Services.

Where an impairment loss is charged to the Comprehensive Income and Expenditure Statement but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

Disposals

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts in excess of £10,000 are classed as capital receipts and are credited to the Capital Receipts Reserve via an appropriation from the Movement in Reserves Statement. The Capital Receipts Reserve can only be used for new capital investment or set aside to reduce the underlying need to borrow (the capital financing requirement).

The amount written off disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Movement in Reserves Statement.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets. An exception is made for assets without a determinable finite useful life such as freehold land and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on a straight line basis over the useful life of the asset as determined by the valuer. It is charged to the Comprehensive Income and Expenditure Statement. No depreciation is applied in year of acquisition or construction completing.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset is recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on Provision of Services.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale (adjusted for depreciation and revaluations), and their recoverable amount at the date of the decision not to sell.

Private Finance Initiatives (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive the services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. PCC is deemed to control the services that are provided under PFI schemes, and ownership of the property, plant and equipment will pass to the PCC at the end of the contract for no additional charge. The PCC carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The former Police Authority approved a contract with a PFI provider (Interserve) in May 2012, the assets coming into use during 2013/14 and 2014/15. The PCC receives a profiled capital grant in the form of Home Office PFI credits, the profile of which does not match the PFI scheme liabilities. The difference is invested in a sinking fund to smooth the payments over the life of the scheme.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment), was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the PCC.

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair Value of the services received during the year: This is debited to the relevant service in the Comprehensive Income and Expenditure Statement
- Finance Cost: an interest charge of 7.2% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Contingent Rent: increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Payment towards liability: applied to write down the Balance Sheet liability towards the PFI operator (the profile of write downs is calculated using the same principles as for a finance lease).
- Lifecycle replacement costs: The proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

Capital Receipts

Capital Receipts are principally the proceeds arising from the sale of fixed assets. Insurance income from vehicle write-offs valued in excess of £10,000 per vehicle is also treated as Capital Receipts. Receipts less than £10,000 per item are treated as de-minimis and included in the Comprehensive Income and Expenditure Statement.

Charges to Income and Expenditure for the Use of Fixed Assets

The Comprehensive Income and Expenditure Statement is charged with amounts to record the real cost of holding tangible fixed assets during the year. These include:

- Depreciation
- Impairment losses attributable to the clear consumption of economic benefit
- Impairment losses attributable to a reduction in value in excess of previous revaluation gains
- Amortisation of intangible fixed assets.

In order to ensure that there is no impact on council tax payers as a result of these charges, they are replaced by a minimum revenue provision towards a reduction in the overall borrowing requirement (calculated on a prudent basis determined in accordance with statutory guidance). The adjusting entries are made in the Group Movement in Reserves Statement, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Leased land is treated as an operating lease. Leased buildings are assessed as to whether they are operating or finance leases.

Arrangements that do not have the legal status of a lease but convey the right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets. This would include Private Finance Initiative (PFI) contracts.

The Group as Lessee

Finance leases

Assets held under finance leases are recognised on the Balance Sheet at the commencement of the lease at fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs are added to the carrying amount of the asset. Premiums paid are applied to write down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the asset – applied to write down the lease liability; and,
- a finance charge debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Assets recognised under finance leases are accounted for using policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life where ownership of the asset does not transfer to the PCC at the end of the lease period.

The PCC is not required to raise council tax to cover depreciation, or revaluation and impairment losses arising on leased assets. Instead a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory guidance. Depreciation and revaluation and impairment losses are therefore replaced by the revenue contribution in the Police Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating leases

Rentals payable under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense to the service benefitting from their use. Charges are made on a straight-line basis over the term of the relevant lease, even where this does not match the pattern of payments.

Benefits receivable as an incentive to enter into an operating lease are included within deferred income and recognised in the Comprehensive Income and Expenditure Statement on a straight-line basis over the lease term.

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.

Creditors

Creditors are recognised and measured at the fair value of the consideration payable when the ordered goods or services have been received.

In most cases, the consideration payable is in the form of cash or cash equivalents and the amount of the expense is the amount payable. However if payment is on deferred terms, the consideration payable is recognised initially at the cash price equivalent. The difference between this amount and the total payment is recognised as interest expense in Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. Short duration payables with no interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

There is no difference between the delivery and payment dates for non-contractual, non-exchange transactions and therefore these transactions are always measured at the full amount payable.

Where consideration is received in respect of revenue, but the revenue does not meet the criteria for recognition of revenue, the Group recognises a creditor in respect of the receipt in advance.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term financial instrument covers both financial assets and financial liabilities which can be straightforward financial instruments (e.g. trade payables and receivables) or more complex.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the PCC becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the PCC has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Financing and Investment Income line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, when repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact to the Police Fund Balance to be spread over future years. Where a rescheduling exercise attracts premiums/discounts which are matched as part of a package, in order to be prudent, both premiums and discounts are written off to the Comprehensive Income and Expenditure Statement over the same period.

Where a rescheduling package attracts only premiums or only discounts, then they are written off over the longest period allowed, subject to a consideration of long term affordability, sustainability and prudence in each case.

The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement against the net charge required against the Police Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

Loans and Receivables - These are assets that have fixed or determinable payments but are not quoted in an active market.

Available for Sale Assets – These are assets that have a quoted market price and/ or do not have fixed or determinable payments.

Loans and receivables are recognised in the Balance Sheet when the PCC becomes a party to the contractual provisions of a financial instrument and are measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income line of the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. This means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from past events that payments due under the contract are not made, the asset is written down and a charge made to the Financing and Investment income line of the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Financing and Investment income line of the Comprehensive Income and Expenditure Statement.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with any financial institution, re-payable without penalty, on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature within three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the PCC's cash management.

Inventory

The Chief Constable holds stocks of uniforms, vehicle equipment and other operational equipment.

Clothing and Uniforms are valued at actual cost. Other stock is valued at current cost, which does not conform to the IPSAS 12 or the Code of Practice. The effect of the different treatment is not material.

Debtors

Debtors are recognised and measured at the fair value of the consideration receivable when the revenue has been recognised.

Where consideration is paid in advance of the receipt of goods or services or other benefit, a debtor is recognised in respect of the payment in advance.

In most cases, the consideration receivable is in the form of cash or cash equivalents and the amount of revenue is the amount receivable. However if payment is on deferred terms, the consideration receivable is recognised initially at the cash price equivalent. The difference between this amount and the total payments is recognised as interest revenue in Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. Short duration receivables with no interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

There is no difference between the delivery and payment dates for non-contractual, non-exchange transactions (e.g. revenue from precepts) and therefore these transactions are always measured at the full amount receivable.

A provision for impairment of debtors is established when there is evidence that the Group are not able to collect all amounts due.

The amount of the provision is based on the best estimate of the likelihood of the recoverable amount. The carrying amount of the asset is reduced through the use of a doubtful debt provision account and the amount of the loss is recognised in the Comprehensive Income and Expenditure Statement within Cost of Services. When a debtor amount is uncollectable, it is written off against the doubtful debt provision account. Any subsequent recovery of amounts previously written off are credited to the Comprehensive Income and Expenditure Statement.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives rise to a possible obligation whose existence is only confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but it is not probable that an outflow of resources is required or the amount of the obligation cannot be measured reliably.

Contingent Liabilities are not recognised in the balance sheet but disclosed in a note to the accounts.

International Accounting Standards that have been issued but not yet adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the Code), the Group is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted.

IFRS 9 Financial Instruments.

IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15 Clarification to IFRS 15 Revenue from Contracts with Customers.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
Amendemnts to IAS 7 Statement for Cash Flow: Disclosure Initiative.

These amendments to International Financial Reporting Standards are not expected to have any material impact on the accounts.

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

The preparation of the financial statements requires the Group to make judgements, estimates and assumptions that affect the application of policies and reporting amounts of assets and liabilities, income and expenditure. Estimates and associated assumptions are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Items in the Balance Sheet at 31 March 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

ITEM	UNCERTAINTIES	EFFECT IF ACTUAL RESULTS DIFFER FROM ASSUMPTION
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependant on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Group will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £0.173m for every year that useful lives had to be reduced.
Pensions Liability	Estimation of net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pensions fund assets. A firm of consulting actuaries is engaged to provide the Group with expert advice about the assumptions to be applied.	The effect on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £92.0m for Police Officers and a reduction of £15.7m for Police Staff. Further details of the effect of accounting assumptions can be found within Note 34.
Fair Value Estimations	When the fair value of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where	The Group used combination of indexation techniques, valuations and discounted cash flow models to measure fair value depending on which technique it considers most appropriate. Significant changes in any unobservable input could result in a lower or higher fair value measurement for financial assets and liabilities. Information about valuation techniques are set out in Notes 13 and 14.

	this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Group's assets and liabilities. Where Level 1 inputs are not available, the Group employs relevant experts to identify the most appropriate valuation techniques to determine fair value.	

Note 3a – MATERIAL ITEMS OF INCOME AND EXPENSE

As part of the estate rationalisation several properties were disposed of during 2017/18 generating capital receipts to the value of £13.1m. These were used as part of the 2017/18 capital finance which included the acquisition of North East Regional Covert building at a cost of £19m.

Note 3b - EXPLANATION OF ADJUSTMENTS FROM A PREVIOUS PERIOD

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

The 2016/17 note for PPE has been amended for the split between cost and depreciation.

Note 4 – EVENTS AFTER THE BALANCE SHEET DATE

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

Note 5 – NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Note to the Expenditure and Funding Analysis
Police and Crime Commissioner (Single Entity)

2016/17 (Restated)				Adjustments Between Funding and Accounting Basis	2017/18			
Adjustments for Capital Purposes £000	Net Change in the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000	Adjustment from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £000	Net Change in the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
0	43	12	**55**	Corporate and Central Services PCC	0	280	34	**314**
0	**43**	**12**	**55**	**Net Cost of Services**	**0**	**280**	**34**	**314**
13,656	0	0	**13,656**	Intra group adjustment	34,918	0	0	**34,918**
(25,671)	82	298	**(25,291)**	Other income and expenditure from the Expenditure and Funding Analysis	(39,117)	82	(157)	**(39,192)**
(12,015)	**125**	**310**	**(11,580)**	**Difference Between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services**	**(4,199)**	**362**	**(123)**	**(3,960)**

Note to the Expenditure and Funding Analysis
Police and Crime Commissioner Group

2016/17 (Restated)				Adjustments Between Funding and Accounting Basis	2017/18			
Adjustments for Capital Purposes £000	Net Change in the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000	Adjustment from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £000	Net Change in the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
0	4,983	191	**5,174**	Policing District West	0	20,860	572	**21,432**
0	5,030	194	**5,224**	Policing District East	0	20,610	565	**21,175**
0	1,568	75	**1,643**	Policing Specialist Operations	0	8,802	241	**9,044**
0	658	37	**695**	Policing Specialist Crime	0	3,978	109	**4,087**
0	(245)	24	**(221)**	Regional Policing	0	3,049	84	**3,133**
8,896	420	53	**9,369**	National Policing	12,290	4,868	133	**17,291**
22,274	(375)	15	**21,914**	Finance and Business Services	31,742	1,664	46	**33,452**
(17,514)	3,347	115	**(14,052)**	Corporate and Central Services CC	(9,114)	14,753	404	**6,042**
0	43	12	**55**	Corporate and Central Services PCC	0	280	34	**314**
13,656	**15,429**	**716**	**29,801**	**Net Cost of Services**	**34,918**	**78,864**	**2,188**	**115,970**
(25,671)	148,437	298	**123,064**	Other income and expenditure from the Expenditure and Funding Analysis	(39,117)	133,957	(157)	**94,683**
(12,015)	**163,866**	**1,014**	**152,865**	**Difference Between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services**	**(4,199)**	**212,821**	**2,031**	**210,653**

Adjustment for Capital Purposes

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

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

Net Charge for the Pensions Adjustment

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

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

Other Differences

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

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

Note 6 – SEGMENTAL INCOME

Segmental Income

Income received on a segmental basis is analysed below:

Services	2017/18 £	2016/17 £
Policing District West	1,365	1,874
Policing District East	2,606	3,554
Policing Specialist Operations	10,783	7,978
Policing Specialist Crime	683	1,009
Regional Policing	25,789	21,174
National Policing	64,992	62,071
Finance and Business Services	21,519	20,332
Corporate and Central Services CC	8,992	6,855
Corporate and Central Services PCC	4,576	3,779
Total income analysed on a segmental basis	141,305	128,626

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

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Group in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure. The following sets out the reserves that the adjustments are made against.

General Fund Balance
The General Fund is the statutory fund into which all receipts which the Group is required to pay and out of which all liabilities of the Group are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Group is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Group is required to recover) at the end of the financial year.

Capital Receipts Reserve
The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied
The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Group has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Usable Reserves	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves
The following adjustments are for 2016/17	**£'000**	**£'000**	**£'000**	**£'000**
Adjustments to the Revenue Resources Amounts by which income and expenditure included in the CIES differs from revenue for the year calculated in accordance with statutory requirements				
Pension costs (to or from the Pensions Reserve)	(125)	0	0	**(125)**
Financial instruments (to or from FIAA)	(9)	0	0	**(9)**
Council tax and NDR (to or from the Collection Fund AA)	(298)	0	0	**(298)**
Officer remuneration (to or from the Accumulated Absences AA) PCC	(12)	0	0	**(12)**
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(14,427)	0	(1,760)	**(16,187)**
Total Amendments to Revenue Resources PCC and GROUP	**(14,871)**	**0**	**(1,760)**	**(16,631)**
Pension costs (to or from the Pensions Reserve)	(163,741)	0	0	**(163,741)**
Officer remuneration (to or from the Accumulated Absences AA)	(704)	0	0	**(704)**
Total Amendments to Revenue Resources CC and GROUP	**(164,445)**	**0**	**0**	**(164,445)**
Total Amendments to Revenue Resources GROUP	**(179,316)**	**0**	**(1,760)**	**(181,076)**
Adjustments to the Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	2,286	(2,286)	0	**0**
Statutory provision for the repayment of debt (from the Capital AA)	5,950	0	0	**5,950**
Capital expenditure financed from revenue balances (to the Capital AA)	18,216	0	0	**18,216**
Adjustments to the Revenue and Capital Resources PCC and GROUP	**26,452**	**(2,286)**	**0**	**24,166**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	3,469	0	**3,469**
Total Adjustments to Capital Resources PCC and GROUP	**0**	**3,469**	**0**	**3,469**
Total Adjustments PCC	**11,581**	**1,183**	**(1,760)**	**11,004**
Total Adjustments CC	**(164,445)**	**0**	**0**	**(164,445)**
Total Adjustments GROUP	**(152,864)**	**1,183**	**(1,760)**	**(153,441)**

Usable Reserves	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves
The following adjustments are for 2017/18	**£'000**	**£'000**	**£'000**	**£'000**
Adjustments to the Revenue Resources Amounts by which income and expenditure included in the CIES and differs from revenue for the year calculated in accordance with statutory requirements				
Pension costs (to or from the Pensions Reserve)	(363)	0	0	**(363)**
Financial instruments (to or from FIAA)	(9)	0	0	**(9)**
Council tax and NDR (to or from the Collection Fund AA)	157	0	0	**157**
Officer remuneration (to or from the Accumulated Absences AA)	(34)	0	0	**(34)**
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(26,896)	0	509	**(26,387)**
Total Amendments to Revenue Resources PCC and GROUP	**(27,145)**	**0**	**509**	**(26,636)**
Pension costs (to or from the Pensions Reserve)	(212,458)	0	0	**(212,458)**
Officer remuneration (to or from the Accumulated Absences AA)	(2,154)	0	0	**(2,154)**
Total Amendments to Revenue Resources CC and GROUP	**(214,612)**	**0**	**0**	**(214,612)**
Total Amendments to Revenue Resources GROUP	**(241,757)**	**0**	**509**	**(241,248)**
Adjustments to the Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	15,104	(15,104)	0	**0**
Statutory provision for the repayment of debt (from the Capital AA)	5,635	0	0	**5,635**
Capital expenditure financed from revenue balances (to the Capital AA)	10,364	0	0	**10,364**
Adjustments to the Revenue and Capital Resources PCC and GROUP	**31,103**	**(15,104)**	**0**	**15,999**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	11,841	0	**11,841**
Total Adjustments to Capital Resources PCC and GROUP	**0**	**11,841**	**0**	**11,841**
Total Adjustments PCC	**3,958**	**(3,263)**	**509**	**1,204**
Total Adjustments CC	**(214,612)**	**0**	**0**	**(214,612)**
Total Adjustments GROUP	**(210,654)**	**(3,263)**	**509**	**(213,408)**

Note 8 – MOVEMENTS IN EARMARKED RESERVES

This note sets out the amounts set aside by the PCC and Group from the Police Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2017/18.

	Balance at 1 April 2016 £000	Transfer Out 2016/17 £000	Transfer In 2016/17 £000	Balance at 31 March 2017 £000	Transfer Out 2017/18 £000	Transfer In 2017/18 £000	Balance at 31 March 2018 £000
Devolvement Reserve	4,100	0	0	4,100	(3,013)	0	1,087
VIPER Reserve	4,050	(30)	194	4,214	0	424	4,638
PFI Reserve	10,871	0	2,166	13,037	0	1,015	14,052
Regional Working Reserve	198	0	0	198	0	1,000	1,198
Dilapidation Reserve	2650	0	0	2,650	0	0	2,650
Capital Financing Reserve	16594	0	0	16,594	0	0	16,594
PNLD Reserve	510	(297)	0	213	0	178	391
Organisational Change Fund	5900	0	0	5,900	0	0	5,900
Insurance Reserve	2400	0	0	2,400	0	0	2,400
Community Safety Fund	495	(1,480)	985	0	(621)	1,000	379
Partnership Executive Group	808	(543)	0	265	(858)	1,000	407
Innovation, Income Generation and Investment	250	0	0	250	0	0	250
Force Transformation	11,591	(4,576)	0	7,015	(4,709)	0	2,306
Operational Reserve	5,000	0	0	5,000	0	0	5,000
Total	**65,418**	**(6,926)**	**3,345**	**61,837**	**(9,201)**	**4,617**	**57,253**

Note 9 – OTHER OPERATING EXPENDITURE

2016/17 £000		2017/18 £000
13	Secondments	(27)
(991)	(Gains) / losses on the disposal of non-current assets	(1,998)
73,100	Police Pension Top up Grant	82,009
72,122	**Total**	**79,984**

Note 10 – FINANCING AND INVESTING INCOME AND EXPENDITURE

2016/17 £000		2017/18 £000
10,994	Interest payable and similar charges	10,780
(636)	Interest receivable and similar income	(460)
82	Pensions net interest cost expense PCC	82
10,440	**Sub-total PCC**	**10,402**
148,355	Pensions net interest cost expense CC	133,875
158,795	**Total Group**	**144,277**

Note 11 – TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE

2016/17 £000		2017/18 £000
	Council tax income:	
(19,625)	Bradford Metropolitan District Council	(20,707)
(8,825)	Calderdale Council	(9,242)
(16,801)	Kirklees Council	(17,563)
(31,931)	Leeds City Council	(33,558)
(13,848)	Wakefield Metropolitan District Council	(15,181)
(129,311)	Non domestic rates	(127,500)
(188,220)	Non-ringfenced government grants	(185,824)
(73,100)	Police Pension Top Up Grant	(82,009)
(7,195)	Capital grants and contributions	(19,941)
(12,919)	Capital grants and contributions NPAS	(12,478)
(501,775)	**Total**	**(524,003)**

Note 12– EXPENDITURE AND INCOME ANALYSED BY NATURE

GROUP	2017/18 £000	2016/17 £000
Expenditure		
Employee benefits expenses	497,255	408,072
Premises related expenditure	31,358	29,214
Supplies and services	64,524	58,669
Transport related expenditure	27,749	26,963
Other service expenses	220,502	228,462
Depreciation, amortisation, impairment	46,208	33,246
Interest payments	10,781	10,994
Gain on the disposal of assets	(1,998)	(991)
Total expenditure	**896,379**	**794,629**
Income		
Fees, charges and other service income	(142,858)	(130,359)
Interest and investment income	(460)	(636)
Income from precepts, non-domestic rates	(223,751)	(220,342)
Government grants and contributions	(300,252)	(281,434)
Total income	**(667,321)**	**(632,771)**
Surplus or Deficit on the Provision of Services	**229,058**	**161,858**

PCC	2017/18 £000	2016/17 £000
Expenditure		
Employee benefits expenses	2,634	2,207
Premises related expenditure	164	306
Supplies and services	8,946	8,229
Transport related expenditure	60	65
Other service expenses	37,408	41,709
Depreciation, amortisation, impairment	46,208	33,246
Interest payments	10,781	10,994
Gain on the disposal of assets	(1,998)	(991)
Intra Group Funding	577,563	534,419
Total expenditure	**681,766**	**630,184**
Income		
Fees, charges and other service income	(142,858)	(130,359)
Interest and investment income	(460)	(636)
Income from precepts, non-domestic rates	(223,751)	(220,342)
Government grants and contributions	(300,252)	(281,434)
Total income	**(667,321)**	**(632,771)**
Surplus or Deficit on the Provision of Services	**14,445**	**(2,587)**

Note 13 – PROPERTY, PLANT AND EQUIPMENT

Movements in 2017/18	Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Assets Under Construction £'000	NPAS Helicopters £'000	NPAS Equipment £'000	PFI Land and Buildings £'000	Total Property, Plant and Equipment £'000
COST OR VALUATION							
At 1 April 2017	**115,919**	**54,504**	**7,292**	**43,393**	**28,227**	**72,293**	**321,628**
Additions	26,302	16,006	3,280	0	7,779	0	53,367
Revaluation increases/(decreases) in the Revaluation Reserve	(4,879)	0	0	0	0	0	(4,879)
Revaluation increases/(decreases) in the CIES	(12,223)	0	0	0	0	0	(12,223)
De-recognition - disposals	0	(7,052)	0	(6,269)	(465)	0	(13,786)
Assets reclassified (to)/from Held for Sale	(13,129)	0	0	0	0	0	(13,129)
Assets reclassified from Assets Under Construction	0	0	0	0	0	0	0
At 31 March 2018	**111,990**	**63,458**	**10,572**	**37,124**	**35,541**	**72,293**	**330,978**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 April 2017	**(9,456)**	**(26,308)**	**0**	**(17,356)**	**(6,549)**	**(4,596)**	**(64,265)**
Depreciation charge	(3,208)	(8,708)	0	(4,180)	(4,707)	(1,511)	(22,314)
Depreciation written out to the Revaluation Reserve	7,436	0	0	0	0	0	7,436
Impairment (losses)/reversals recognised in the CIES	(6,459)	(407)	0	(2,926)	(477)	0	(10,269)
Downward revaluation taken to Revaluation Reserve	83	0	0	0	0	0	83
De-recognition - disposals	0	7,052	0	6,269	465	0	13,786
At 31 March 2018	**(11,604)**	**(28,371)**	**0**	**(18,193)**	**(11,268)**	**(6,107)**	**(75,543)**
NET BOOK VALUE							
At 31 March 2017	**106,463**	**28,196**	**7,292**	**26,037**	**21,678**	**67,697**	**257,363**
At 31 March 2018	**100,386**	**35,087**	**10,572**	**18,931**	**24,273**	**66,186**	**255,435**

Comparator Year: Movements in 2016/17	**Land and Buildings £'000**	**Vehicles, Plant, Furniture & Equipment £'000**	**Assets Under Construction £'000**	**NPAS Assets £'000**	**NPAS Equipment £'000**	**PFI Land and Buildings £'000**	**Total property, Plant and Equipment £'000**
COST OR VALUATION							
At 1 April 2016	**117,112**	**48,402**	**1,290**	**43,393**	**20,057**	**72,293**	**302,547**
Additions	8,999	12,486	6,002	0	8,170	0	35,657
Revaluation increases/(decreases) in the Revaluation Reserve	(1,171)	0	0	0	0	0	(1,171)
Revaluation increases/(decreases) in the CIES	(9,021)	0	0	0	0	0	(9,021)
De-recognition - disposals	0	(6,384)	0	0	0	0	(6,384)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0
Assets reclassified from Assets Under Construction	0	0	0	0	0	0	0
At 31 March 2017	**115,919**	**54,504**	**7,292**	**43,393**	**28,227**	**72,293**	**321,628**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 April 2016	**(8,545)**	**(25,009)**	**0**	**(11,915)**	**(3,096)**	**(3,085)**	**(51,650)**
Depreciation charge	(3,038)	(7,182)	0	(4,341)	(3,190)	(1,511)	(19,262)
Depreciation written out to the Revaluation Reserve	4,718	0	0	0	0	0	4,718
Impairment (losses)/reversals recognised in the CIES	(2,546)	(501)	0	(1,100)	(263)	0	(4,410)
Downward revaluation taken to Revaluation Reserve	(45)	0	0	0	0	0	(45)
De-recognition - disposals	0	6,384	0	0	0	0	6,384
At 31 March 2017	**(9,456)**	**(26,308)**	**0**	**(17,356)**	**(6,549)**	**(4,596)**	**(64,265)**
NET BOOK VALUE							
At 31 March 2016	**108,567**	**23,393**	**1,290**	**31,478**	**16,961**	**69,208**	**250,897**
At 31 March 2017	**106,463**	**28,196**	**7,292**	**26,037**	**21,678**	**67,697**	**257,363**

DEPRECIATION

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Buildings (excluding land) - straight line allocation over the life of the property as estimated by the valuer.
- Vehicles - straight line method over 4 years.
- IT (including intangible fixed assets) and other equipment - straight line method over 5 years.
- Helicopters - straight line allocation over 15 years.

CAPITAL COMMITMENT

At 31 March 2018, the 18/19 budgeted capital costs is £5.4. The major commitments are:

- Mobile Handheld Scheme £0.9m
- NPAS CVFDR Scheme £0.9m
- WYP Vehicle Replacement Scheme £0.6m
- Back Office Transformation Scheme £0.3m

REVALUATIONS

The PCC and Group carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every 5 years. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimations set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, IT and equipment and helicopters are based on current prices where there is an active second-hand market or latest list price adjusted for the condition of the asset.

The significant assumptions in estimating the current values are:

- for operational land and buildings current value is interpreted as the amount that would be paid for the asset in its existing use.
- for non-operational land and buildings current value measurement is fair value, estimated at highest and best use from a market participant's perspective.

Valuations were carried out on 31 March 2018 as follows:

Properties:
By RICS Qualified external valuers from Carter Jonas, Leeds in accordance with CIPFA's IFRS Code of Practice 2017/18. Land and Buildings were valued as at 31 March 2018, with a total value of £9.4m. The previous valuation of these properties was £19.4m.

Vehicles - By the Force Fleet Policy and Liaison Manager

Information Technology, Communications and Other - By Head of IT Support

The rolling programme for revaluation of non-current assets as at the Balance Sheet date:

	Land and Buildings £'000	Assets Under Constructions £'000	Vehicles, Plant, Furniture & Equipment £'000	NPAS Assets £'000	PFI Assets £'000	Total property, Plant and Equipment £'000
Carried at historical cost	12	10,572	35,087	43,204	0	88,875
Valued at current value as at:						
31 March 2018	9478					9,478
31 March 2017	36,628	0	0	0	0	36,628
31 March 2016	15,725	0	0	0	0	15,725
31 March 2015	10,530	0	0	0	0	10,530
31 March 2014	28,115	0	0	0	66183	94,298
31 March 2013	0	0	0	0	0	0
Total Cost or Valuation	**100,488**	**10,572**	**35,087**	**43,204**	**66,183**	**255,534**

The numbet of physical assets as at the Balance Sheet date:

	31 March 2018	31 March 2017 (Restated)
Estates:		
Police stations	34	35
Other premises	52	67
Houses	7	11
	93	113
Vehicles	1,130	1,107
Helicopters	19	23

IMPAIRMENTS

During 2017/18, the PCC and Group has recognised a total impairment loss of £18.6m across a number of properties in its estate.

ASSETS HELD FOR SALE

	Current		Non-Current	
	2017/18 £000	2016/17 £000	2017/18 £000	2016/17 £000
Balance outstanding at start of year	**75**	**486**	**0**	**0**
Revaluation increase/(decrease) in the CIES	83	884	0	0
Assets newly classified as held for sale:				
Property, Plant and Equipment	13,046	0	0	0
Assets declassified as held for sale:				
Property, Plant and Equipment	0	0	0	0
Assets sold				
Property, Plant and Equipment	(13,106)	(1,295)	0	0
Balance outstanding at year-end	**98**	**75**	**0**	**0**

INTANGIBLE ASSETS

The PCC and Group accounts for its software and intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets may include both purchased licences and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the PCC and Group.

The carrying amount of intangible assets is amortised on a straight line basis.

The movement on Intangible Asset balances during the year is as follows:

	2017/18 Total £000	2016/17 Total £000
Balance at start of the year		
- Gross carrying amounts	8,613	4,229
- Accumulated amortisation	(2,859)	(2,306)
Net carrying amount at start of year	5,754	1,923
Additions:		
- Purchases	1,766	4,384
Impairment losses recognised in the CIES	(10)	0
Amortisation for the Period	(1,393)	(553)
Net carrying amount at the end of year	**6,117**	**5,754**
Comprising:		
- Gross Carrying amounts	**8,776**	**8,613**
- Accumulated amortisation	**(2,659)**	**(2,859)**
	6,117	**5,754**

Note 14 – FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

	Long-Term		Current	
	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
Investments				
Loans and receivables	0	5,010	73,215	70,525
Cash held by the Group	0	0	73	96
Cash equivalents	0	0	3,830	9,007
Total Investments	**0**	**5,010**	**77,119**	**79,628**
Debtors				
Financial assets carried at contract amounts	0	0	28,746	22,251
Loans and receivables	0	0	0	0
Total Debtors	**0**	**0**	**28,746**	**22,251**
Borrowings				
Financial liabilities at amortised cost	(86,021)	(86,467)	(14,896)	(14,459)
Bank Overdraft	0	0	(94)	(213)
Total Borrowings	**(86,021)**	**(86,467)**	**(14,990)**	**(14,672)**
Other Long Term Liabilities				
Private Finance Initiative	(92,610)	(94,797)	(2,187)	(2,176)
Pension Liability PCC	(5,104)	(4,778)	0	0
Pension Liability CC	(5,062,520)	(5,417,730)	0	0
Total Other Long Term Liabilities	**(5,160,234)**	**(5,517,305)**	**(2,187)**	**(2,176)**
Creditors				
Financial liabilities carried at contract amount	0	0	(5,289)	(2,104)
Total Creditors	**0**	**0**	**(5,289)**	**(2,104)**

Income, Expenses, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	2017/18			2016/17		
	Financial Liabilities measured at amortised cost £'000	Financial Assets: Loans and receivables £'000	Total £'000	Financial Liabilities measured at amortised cost £'000	Financial Assets: Loans and receivables £'000	Total £'000
Interest expense	10,769	0	10,769	10,985	0	10,985
Impairment losses (gain)	0	0	0	0	0	0
Exchange rate loss on investment	0	0	0	0	0	0
Fee expense	11	0	11	9	0	9
Total expense in Surplus or Deficit on the Provision of Services	**10,780**	**0**	**10,780**	**10,994**	**0**	**10,994**
Interest income	0	(460)	(460)	0	(636)	(636)
Total income in Surplus or Deficit on the Provision of Services	**0**	**(460)**	**(460)**	**0**	**(636)**	**(636)**
Net (gain)/loss for the year	**10,780**	**(460)**	**10,320**	**10,994**	**(636)**	**10,358**

Fair Values of Assets and Liabilities Carried at Amortised Cost

Financial liabilities, financial assets represented by loans and receivables and long term debtors and creditors are carried on the balance sheet at amortised cost (in long term assets/liabilities with accrued interest in current assets/liabilities). Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- for loans from the Public Works Loan Board (PWLB) and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- for loans receivable prevailing benchmark market rates have been used to provide the fair value;
- no early repayment or impairment is recognised;
- where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2018		31 March 2017	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
PWLB debt	79,386	130,391	77,896	130,584
Non-PWLB debt	21,530	30,039	23,030	26,999
Total debt	**100,917**	**160,430**	**100,926**	**157,583**
Trade creditors	5,289	5,289	2,104	2,104
Total Financial Liabilities	**106,206**	**165,719**	**103,030**	**159,687**

The fair value is greater than the carrying amount because the PCC and Group's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date.

	31 March 2018		31 March 2017	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Money market loans < 1 year	73,215	73,189	70,525	70,556
Money market loans > 1 year	0	0	5,010	5,007
Total loans and receivables	**73,215**	**73,189**	**75,535**	**75,563**
Trade debtors	28,746	28,746	22,251	22,251
Total loans and receivables	**101,961**	**101,935**	**97,786**	**97,814**

The fair values for loans and receivables have been determined by reference to similar practices, as above, which provide a reasonable approximation for the fair value of a financial instrument, and include accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

Note 15 – INVENTORIES

2017/18	Opening Balance £000	Purchases £000	Expense in Year £000	Write Offs £000	Closing Balance £000
Clothing	1,342	3,201	(2,589)	(21)	1,933
Police Support Unit	221	152	(197)	0	176
Fuel	199	356	(335)	0	220
IT	63	1,959	(1,931)	0	91
Other	183	64	(44)	(17)	186
NPAS Fuel	105	1,867	(1,865)	0	107
	2,113	7,599	(6,961)	(38)	2,713

2016/17	Opening Balance £000	Purchases £000	Expense in Year £000	Write Offs £000	Closing Balance £000
Clothing	864	3,088	(2,610)	0	1,342
Police Support Unit	219	199	(197)	0	221
Fuel	151	1,979	(1,931)	0	199
IT	49	349	(335)	0	63
Other	133	111	(61)	0	183
NPAS Fuel	70	1,900	(1,865)	0	105
	1,486	7,626	(6,999)	0	2,113

Note 16 – DEBTORS

	31 March 2018 £000	31 March 2017 £000
Central government bodies	42,534	39,175
Other local authorities	29,737	31,764
NHS bodies	60	0
Public corporations	10	48
Other entities and individuals - current	8,643	5,082
Total current debtors	**80,984**	**76,069**
Long term debtors	8,868	14,536
Total debtors	**89,852**	**90,605**

Note 17 – CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2018 £000	31 March 2017 £000
Cash held by the Group	73	96
Short-term deposits with banks	3,830	9,007
Total	**3,903**	**9,103**
Bank current accounts	(94)	(213)
Total Cash and Cash Equivalents	**3,809**	**8,890**

Note 18 – CREDITORS

	31 March 2018 £000	31 March 2017 £000
Central government bodies	11,882	11,146
Other local authorities	16,713	12,313
NHS bodies	71	26
Public corporations	1	2
Other entities and individuals PCC	36,835	28,378
Current creditors PCC and GROUP	**65,502**	**51,865**
Other entities and individuals CC	20,582	18,428
Current creditorsPCC and GROUP	**20,582**	**18,428**
Total current creditors GROUP	**86,084**	**70,293**

	31 March 2018 £000	31 March 2017 £000
Central government bodies	11,882	11,146
Other local authorities	16,713	12,313
NHS bodies	71	26
Public corporations	1	2
Other entities and individuals PCC	36,835	28,378
Current creditors PCC and GROUP	**65,502**	**51,865**
Other entities and individuals CC	20,582	18,428
Current creditorsPCC and GROUP	**20,582**	**18,428**
Total current creditors GROUP	**86,084**	**70,293**
Long term creditors PCC and GROUP	8,868	14,536
Total creditors Group	**94,952**	**84,829**

Note 19 – PROVISIONS

	Outstanding Legal Cases £000	Injury and Damage Compensation Claims £000	Insurance £000	Other Provisions £000	Total £000
Balance at 1 April 2017	2,999	282	2,692	1,290	**7,263**
Additional provisions made in 2017/18	12	873	(597)	14	**302**
Amounts used in 2017/18	(1,924)	(1,121)	(435)	(258)	**(3,738)**
Balance at 31 March 2018	**1,087**	**34**	**1,660**	**1,046**	**3,827**

	Outstanding Legal Cases £000	Injury and Damage Compensation Claims £000	Insurance £000	Other Provisions £000	Total £000
Balance at 1 April 2016	4,288	474	2,342	1,097	**8,201**
Additional provisions made in 2016/17	75	465	945	268	**1,753**
Amounts used in 2016/17	(1,365)	(657)	(595)	(75)	**(2,691)**
Balance at 31 March 2017	**2,999**	**282**	**2,692**	**1,290**	**7,263**

Outstanding Legal Cases

The amount provided of £1.087m in respect of outstanding legal claims is made up of £0.186m for employment tribunals and £0.505m for litigated insurance claims, and £0.396m for other legal cases.

Injury Compensation Claims
All of the injury compensation claims are individually insignificant. They relate to personal injury sustained where the PCC and Group is alleged to be at fault. Provision is made for those claims where it is deemed probable that the PCC and Group will have to make a settlement, based on past experience of court decisions about liability and the amount of damages payable. The PCC and Group may be reimbursed by its insurers, but until claims are actually settled no income is recognised.

Insurance Provision
The PCC and Group has a provision to meet certain claims made against it. The provision currently bears the first £250,000 of any claim arising from the following policies:

- (i) Public/Products Liability
- (ii) Liability to Employees
- (iii) Motor Vehicles (Third Party Liability)
- (iv) Libel and Slander
- (v) Officials Indemnity

The PCC and Group, on the advice of its insurance brokers, has provided £562k in respect of the anticipated clawback of previous claims settlements under the Municipal Mutual Insurance (MMI) Scheme of Arrangement. MMI was a mutual insurance provider which became technically insolvent in 1992.

All other provisions are individually insignificant.

Note 20 – USABLE RESERVES

Movements in usable reserves are detailed in the Movement in Reserves Statement.

31 March 2017 £000		31 March 2018 £000
29,267	General Fund Balance	15,447
1,966	Capital Grants Unapplied Account	1,457
6,609	Capital Receipts Reserve	9,872
	Earmarked Reserves:	
4,100	Devolvement Reserve	1,087
4,214	Viper Reserve	4,638
13,037	PFI Reserve	14,052
198	Regional Working Reserve	1,198
2,650	Dilapidations Reserve	2,650
16,594	Capital Financing Reserve	16,594
213	PNLD Reserve	391
5,900	Organisational Change Fund	5,900
2,400	Insurance Reserve	2,400
0	Community Safety Fund	379
265	Partnership Executive Group	407
250	Innovation, Income Generation and Investment	250
7,015	Force Transformation	2,306
5,000	Operational Reserve	5,000
99,678	**Total Usable Reserves**	**84,028**

Note 21 – UNUSABLE RESERVES

The reserves of the PCC and Group have been presented to show a clear distinction between accounting reserves that are unusable and cannot be used to support expenditure and usable reserves.

31 March 2017 £000		31 March 2018 £000
36,412	Revaluation Reserve	32,782
31,699	Capital Adjustment Account	39,421
(336)	Financial Instruments Adjustment Account	(345)
1,408	Collection Fund Adjustment Account	1,564
(4,778)	Pensions Reserve PCC	(5,104)
(89)	Accumulated Absences Adjustment Account PCC	(123)
64,316	**Total Unusable Reserves PCC and GROUP**	**68,195**
(5,417,730)	Pensions Reserve CC	(5,062,520)
(18,428)	Accumulated Absences Adjustment Account CC	(20,582)
(5,436,158)	**Total Unusable Reserves CC and GROUP**	**(5,083,102)**
(5,371,842)	**Total Unusable Reserves GROUP**	**(5,014,907)**

Revaluation Reserve

The Revaluation Reserve contains the gains made arising from increases in the value of Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2016/17 £000	Revaluation Reserve	2017/18 £000
34,000	**Balance at 1 April**	**36,412**
4,432	Revaluation of Assets	2,639
(45)	Impairment losses not charged to the Surplus/Deficit on the Provision of Services	0
4,387	**Surplus on revaluation of non-current assets not charged to the Surplus/Deficit on the Provision of Services**	**2,639**
(1,009)	Amount written off on disposal	(5,149)
(966)	Difference between fair value depreciation and historical cost depreciation	(1,120)
(1,975)	**Amount written off to the Capital Adjustment Account**	**(6,269)**
36,412	**Balance at 31 March**	**32,782**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the PCC and Group as finance for the costs of acquisition, construction and enhancement.

The Account contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 8 provides details of the source of all transactions posted to the Account, apart from those involving the Revaluation Reserve.

2016/17 £000	Capital Adjustment Account	2017/18 £000
18,274	**Balance at 1 April**	**31,698**
	Reversal of items relating to capital expenditure debited or credited to the CIES:	
(19,262)	Charges for depreciation of non-current assets	(22,314)
(13,431)	Charges for impairment of non-current assets	(22,502)
(553)	Amortisation of intangible assets	(1,393)
(1,295)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(13,106)
(34,541)		**(59,315)**
1,975	Adjusting amounts written out of the Revaluation Reserve	6,269
(32,566)	**Net written out amount of the cost of non-current assets consumed in the year**	**(53,046)**
	Capital financing applied in the year:	
3,469	Use of the Capital Receipts Reserve to finance new capital expenditure	11,841
7,195	Capital grants and contributions credited to the CIES that have been applied to capital financing	19,941
12,919	Capital grants and contributions credited to the CIES that have been applied to capital financing NPAS	12,478
(1,760)	Application of grants to capital financing from the Capital Grants Unapplied Account	509
5,950	Statutory provision for the financing of capital investment charged against the Police Fund	5,635
18,216	Capital expenditure charged against the Police Fund Balance	10,364
45,989		**60,768**
31,698	**Balance at 31 March**	**39,420**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The PCC and Group uses the Account to manage premiums paid and discounts received on the early redemption of loans.

Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the Police Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the Police Fund Balance in accordance with statutory arrangements for spreading the burden on council tax.

Discounts are treated similarly, being credited to the Comprehensive Income and Expenditure Statement, reversed out to the Financial Instruments Adjustment Account and the income posted back over time to the Police Fund Balance.

As a result of past debt restructuring, the balance of premiums and discounts currently included within the Account will be transferred to the Police Fund over a period of years, being fully written out by 2052/53.

2016/17 £000		2017/18 £000
(957)	Premiums on repayment of loans	(1,133)
630	Discounts on repayment of loans	797
(327)	**Balance at 1 April**	**(336)**
	Movement during the year:	
(176)	Premiums amortised to Police Fund during year	(62)
167	Discounts amortised to Police Fund during year	53
(9)	**Amount by which finance costs charged to the CIES different from finance costs chargeable in the year in accordance with statutory requirements**	**(9)**
(1,133)	Premiums on loans c/fwd	(1,195)
797	Discounts on loans c/fwd	850
(336)	**Balance at 31 March**	**(345)**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory requirements for paying across amounts to the Police Fund from the Collection Funds of the Billing Authorities.

2016/17 £000	Collection Fund Adjustment Account	2017/18 £000
1,704	**Balance at 1 April**	**1,406**
(298)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	157
1,406	**Balance at 31 March**	**1,563**

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. The PCC and Group 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 the PCC and Group 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 the PCC and Group has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2016/17 £000	Pensions Reserve GROUP	2017/18 £000
(4,306,977)	**Balance at 1 April**	**(5,422,508)**
(951,665)	Actuarial gains or losses on pensions assets and liabilities	567,705
(231,228)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(276,319)
67,362	Employer's pensions contributions and direct payments to pensioners payable in the year	63,498
(5,422,508)	**Balance at 31 March**	**(5,067,624)**

2016/17 £000	Pensions Reserve Police and Crime Commissioner	2017/18 £000
(3,672)	**Balance at 1 April**	**(4,778)**
(982)	Actuarial gains or losses on pensions assets and liabilities	37
(448)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(591)
323	Employer's pensions contributions and direct payments to pensioners payable in the year	228
(4,778)	**Balance at 31 March**	**(5,104)**

Accumulated Absences Adjustment Account

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

2016/17 £000	GROUP	2017/18 £000
(17,801)	**Balance at 1 April**	**(18,517)**
(716)	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(2,188)
(18,517)	**Balance at 31 March**	**(20,705)**

2016/17 £000	PCC	2017/18 £000
(77)	**Balance at 1 April**	**(89)**
(12)	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	(34)
(89)	**Balance at 31 March**	**(123)**

Note 22 – CASHFLOW STATEMENT – OPERATING ACTIVITIES

2016/17 £000		2017/18 £000
(161,858)	**Surplus / (Deficit) for the year**	**(229,058)**
553	Amortisation of intangible fixed assets	1,393
32,693	Depreciation and impairment of fixed assets	44,816
(5,435)	Capital & Grant Contribution	(20,450)
(12,919)	Capital & Grant Contribution NPAS	(12,478)
125	Pensions PCC	363
163,741	Pensions CC	212,458
(939)	Provisions set aside in year	(3,436)
(627)	(Increase) / decrease in stock	(600)
(10,319)	(Increase) / decrease in debtors	752
(2,747)	Increase / (Decrease) in creditors	10,123
1,295	Carrying amount of non-current asset sold	13,106
(2,286)	Proceeds from sale of property, plant & equipment	(15,104)
10,985	Interest paid	10,769
(636)	Interest received	(460)
11,626	**Net cash flows from operating activities**	**12,194**

Note 23 – CASHFLOW STATEMENT – INVESTING ACTIVITIES

2016/17 £000		2017/18 £000
40,040	Purchase of property, plant and equipment, investment property and intangible assets	55,132
307,637	Purchase of short-term and long-term investments	265,181
(2,286)	Proceeds from sale of property, plant and equipment, investment property and intangible assets	(15,104)
(314,480)	Proceeds from short-term and long-term investments	(267,500)
(5,435)	Capital Grants	(20,450)
(12,919)	Capital Grants NPAS	(12,478)
(636)	Interest received	(460)
11,921	**Net cash flows from investing activities**	**4,321**

Note 24 – CASHFLOW STATEMENT – FINANCING ACTIVITIES

2016/17 £000		2017/18 £000
(193,671)	Cash receipts of short- and long-term borrowing	(302,601)
180,040	Repayments of short- and long-term borrowing	302,610
2,076	Cash payments for the reduction of the outstanding liabilities relating to PFI contracts	2,176
10,985	Other payments for financing activities	10,769
(570)	**Net cash flows from financing activities**	**12,954**

Note 25 – AGENCY SERVICES

These are levies towards the cost of Forensic Services, Automatic Fingerprint Recognition and DNA Testing. These costs are included in the Group financial statements only.

	2017/18 £000	2016/17 £000
Forensic Services, Automatic Fingerprint Recognition and DNA	8,433	9,021
Net Cost arising on the agency arrangement	**8,433**	**9,021**

Note 26 – MEMBERS ALLOWANCES

The PCC and Group paid the following amounts to members of the Joint Independent Audit and Ethics Committee during the year.

	2017/18 £000	2016/17 £000
Allowances	13	15
Expenses	0	1
Total	**13**	**16**

Note 27 – OFFICER REMUNERATION

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

PCC 2017/18		Salary, Fees and Allowances £	Bonuses £	Pension Contribution £	Total £
Police and Crime Commissioner	01.04.17-31.03.18	100,000	0	12,400	**112,400**
Deputy Police and Crime Commissioner	01.04.17-31.03.18	58,977	0	7,313	**66,290**
Chief Executive and Solicitor	01.04.17-31.03.18	12,688	0	1,573	**14,261**
Interim Chief Executive *	02.10.17-31.03.18	49,731	0	6,167	**55,898**
Treasurer and Chief Finance Officer PCC	01.04.17-31.03.18	90,666	0	11,243	**101,909**
CC 2017/18					
Dee Collins Chief Constable	01.04.17-31.03.18	187,976	0	17,770	**205,746**
John Robins Deputy Chief Constable	01.04.17-31.03.18	157,094	0	36,084	**193,178**
Temporary Assistant Chief Constable (District Policing)	01.04.17-28.05.17	19,259	0	4,382	**23,641**
Assistant Chief Constable (People Directorate)	29.05.17-31.03.18	96,293	0	21,912	**118,205**
Assistant Chief Constable (Protective Services - Crime)	01.04.17-31.03.18	117,138	0	26,811	**143,949**
Assistant Chief Constable (Protective Services Ops)	01.04.17-12.05.17	16,481	0	0	**16,481**
Assistant Chief Constable (District Policing)	29.05.17-31.03.18	88,400		20,772	**109,172**
Assistant Chief Constable (Partnerships and Programme of Change)	01.04.17-13.05.17	16,196	0	3,681	**19,877**
Assistant Chief Constable (Partnerships and Programme of Change)	14.05.17-31.03.18	113,374	0	25,766	**139,140**
Assistant Chief Officer (Finance & Business Services) and Chief Finance Officer CC	01.04.17-31.03.18	115,362	0	13,749	**129,111**
TOTAL GROUP		**1,239,635**	**0**	**209,623**	**1,449,258**

* The substantive post holder for the Chief Executive and Solicitor role has been on secondment to North Yorkshire OPCC during the whole of 2017/18 for 90% of his time. The above figure reflects the proportion of remuneration that is not recharged to North Yorkshire OPCC. The Interim Chief Executive post holder is included in the table above.

PCC 2016/17		Salary, Fees and Allowances £	Bonuses £	Pension Contribution £	Total £
Police and Crime Commissioner	01.04.16-31.03.17	100,000	0	11,000	**111,000**
Deputy Police and Crime Commissioner	01.04.16-31.03.17	55,843	0	5,770	**61,613**
Chief Executive and Solicitor	01.04.16-31.07.16	47,736	0	5,251	**52,987**
Chief Executive and Solicitor	01.08.16-31.03.17	8,375	0	921	**9,296**
Treasurer and Chief Finance Officer PCC	01.04.16-31.03.17	87,173	0	9,589	**96,762**
CC 2016/17					
Mark Gilmore Chief Constable (Secondment)	01.04.16-09.04.16	79,099	0	0	**79,099**
Dee Collins Temporary Chief Constable	01.04.16-10.11.16	104,173	0	23,298	**127,471**
Dee Collins Chief Constable	11.11.16-31.03.17	74,798	0	16,586	**91,384**
Temporary Deputy Chief Constable	01.04.16-06.01.17	114,145	0	20,060	**134,205**
Deputy Chief Constable	07.01.17-31.03.17	33,704	0	6,234	**39,938**
Temporary Assistant Chief Constable (District Policing)	01.04.16-31.03.17	104,701	0	20,428	**125,129**
Assistant Chief Constable (Protective Services - Crime)	01.04.16-31.03.17	114,588	0	26,294	**140,882**
Assistant Chief Constable (Protective Services Ops)	01.04.16-31.03.17	117,609	0	24,072	**141,681**
Assistant Chief Constable (Partnerships and Programme of Change))	01.04.16-31.03.17	107,373	0	24,631	**132,004**
Assistant Chief Officer (Finance & Business Services) and Chief Finance Officer CC	01.04.16-31.03.17	113,425	0	12,066	**125,491**
TOTAL GROUP		**1,262,742**	**0**	**206,200**	**1,468,942**

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:

GROUP Remuneration Band	Number of Employees 2017/18	2016/17
£50,000 - £54,999	29	23
£55,000 - £59,999	50	51
£60,000 - £64,999	33	35
£65,000 - £69,999	16	18
£70,000 - £74,999	6	7
£75,000 - £79,999	2	0

GROUP Remuneration Band	Number of Employees 2017/18	2016/17
£80,000 - £84,999	7	9
£85,000 - £89,999	12	11
£90,000 - £94,999	3	4
£95,000 - £99,999	1	1
£100,000 - £104,999	1	2
£105,000 - £110,999	1	1

PCC Remuneration Band	Number of Employees 2017/18	2016/17
£55,000 - £59,999	1	1

The number of exit packages for the Group 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
2017/2018	£	£	£
£0-£20,000	20,767	405,248	426,015
£20,001-£40,000	0	655,332	655,332
£40,001-£60,000	0	1,379,805	1,379,805
£60,001-£80,000	0	620,864	620,864
£80,001-£100,000	0	276,086	276,086
£100,001-£150,000	124,591	490,434	615,025
£150,001-£200,000	0	0	0
£200,001-£250,000	0	169,180	169,180
	145,358	3,996,949	4,142,307

Exit Packages	Compulsory Redundancies	Other Departures	Total
2017/2018	No	No	No
£0-£20,000	1	31	32
£20,001-£40,000	0	22	22
£40,001-£60,000	0	28	28
£60,001-£80,000	0	9	9
£80,001-£100,000	0	3	3
£100,001-£150,000	1	4	5
£150,001-£200,000	0	0	0
£200,001-£250,000	0	1	1
	2	98	100

2016/2017	£	£	£
£0-£20,000	51,151	0	51,151
£20,001-£40,000	56,535	0	56,535
£40,001-£60,000	0	0	0
£60,001-£80,000	133,056	0	133,056
£80,001-£100,000	170,457	83,238	253,695
£100,001-£150,000	349,585	0	349,585
£150,001-£200,000	0	0	0
£200,001-£250,000	0	221,450	221,450
	760,784	304,688	1,065,472

2016/2017	No	No	No
£0-£20,000	4	0	4
£20,001-£40,000	2	0	2
£40,001-£60,000	0	0	0
£60,001-£80,000	2	0	2
£80,001-£100,000	2	1	3
£100,001-£150,000	3	0	3
£150,001-£200,000	0	0	0
£200,001-£250,000	0	1	1
	13	2	15

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

Note 28 – EXTERNAL AUDIT COSTS

The Group has incurred the following costs in relation to the audit of the Statement of Accounts and certification of grant claims and non-audit services provided by the Group's external auditors.

	2017/18 £000	2016/17 £000
Fees payable to KPMG with regard to external audit services for the PCC	42	42
Fees payable to KPMG with regard to external audit services for the CC	22	22
Fees payable to KPMG with regard to non- audit services for both PCC and CC	0	0
Total Group	**64**	**64**

Note 29 – GRANT INCOME

The PCC and Group credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2017/18.

	2017/18 £000	2016/17 £000
Credited to Taxation and Non Specific Grant Income		
Precept	96,251	91,030
Principal Grant	169,131	171,527
National Non Domestic Rates	127,500	129,311
Council Tax Benefit Grant	14,467	14,467
Precept Freeze Grant	2,226	2,226
Pensions Top Up Grant	82,009	73,100
Capital Grants	19,941	7,195
Capital Grants NPAS	12,478	12,919
Total	**524,003**	**501,775**
Credited to Services		
Counter Terrorist Unit	29,014	25,139
Loan Charges Grant	508	534
Incentivisation	903	931
PCSO Partners	478	1,729
PFI Grant Income	12,329	12,329
Regional Crime	7,385	3,645
Casualty Reduction	4,054	1,988
Victim Support Grant	2,441	2,720
Other	4,001	3,479
Total	**61,113**	**52,495**

Note 30 – RELATED PARTIES

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

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

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

Note 31 – CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the PCC and Group, the expenditure results in an increase in the Capital Financing Requirements (CFR), a measure of the capital expenditure incurred historically by the PCC and Group that has yet to be financed. The CFR is analysed in the second part of this note.

	2017/18 £000	2016/17 £000
Opening Capital Financing Requirement	**195,081**	**201,030**
Capital investment		
Property, Plant and Equipment	53,366	35,656
Intangible Assets	1,766	4,384
Sources of finance		
Capital Receipts	(11,841)	(3,469)
Government grants and other contributions	(20,450)	(5,435)
Government grants and other contributions NPAS	(12,478)	(12,919)
Sums set aside from revenue:		
Financing from Reserves	(4,709)	(4,576)
Direct revenue contributions	(5,655)	(13,640)
Minimum revenue provision	(5,635)	(5,950)
Closing Capital Financing Requirement (CFR)	**189,445**	**195,081**
Explanation of movements in year		
Increase in underlying need to borrowing (supported)	0	0
Provision for Debt Repayment (MRP)	(5,635)	(5,950)
Assets acquired under PFI contract	0	0
Increase in underlying need to borrowing (unsupported)	0	0
Increase/(decrease) in Capital Financing Requirement (CFR)	**(5,635)**	**(5,950)**

Note 32 – LEASES

The Code of Practice requires the PCC and Group to disclose its obligations under operating and finance leases, and a statement on the assets it holds and leases out to third parties. A finance lease is one which transfers substantially all the risks and rewards of ownership of the asset to the lessee. If the terms of a lease means that the risks and rewards of ownership remain with the lessor, then the lease is accounted for as an operating lease.

PCC and Group as Lessee

Finance Leases

The PCC and Group has acquired a number of properties under finance leases. The asset acquired under each lease is carried as Property, Plant and Equipment (PPE) in the Balance Sheet at the following net amounts.

	2017/18 £000	2016/17 £000
Land and Buildings (PPE)	9,781	891
PFI Infrastructure (PPE)	66,186	67,697
Total	**75,967**	**68,588**

The PCC and Group is committed to making minimum lease payments under the PFI lease comprising settlement of the long-term liability for the interest in the asset acquired by the PCC and Group and finance costs that will be payable in future years while the liability remains outstanding.

In relation to the non PFI lease, a premium was paid at the inception of the lease and therefore no outstanding commitment to make future payments in respect of those leases.

The minimum lease payments in respect of the PFI lease are made up of the following amounts:

	2017/18 £000	2016/17 £000
Finance lease liabilities (net present value of minimum lease payments)		
Current	2,187	2,176
Non-current	92,610	94,797
Finance costs payable in future years	90,705	97,664
Minimum lease payments	**185,502**	**194,637**

The minimum lease payments will be paid over the following periods:

	Minimum Lease Payments		Finance Lease Payments	
	2017/18 £000	**2016/17 £000**	**2017/18 £000**	**2016/17 £000**
Not later than 1 year	8,989	9,134	2,187	2,176
Later than one year and not later than five years	36,211	36,256	10,727	10,051
Later than five years	140,302	149,246	81,883	84,746
Minimum lease payments	**185,502**	**194,637**	**94,797**	**96,973**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into. In 2017/18 £0.7m (2016/17 £0.3m) contingent rents were payable by the PCC and Group.

Further information on PFI can be found in Note 33.

Operating Leases

The future minimum lease payments due under non-cancellable leases in future years are:

	2017/18 £000	2016/17 £000
No later than one year	123	1,177
Later than one year and not later than five years	471	4,019
Later than five years	9	555
Total	**603**	**5,751**

Note 33 – PRIVATE FINANCE INITIATIVES (PFI)

PFI and similar contracts

The PFI is a source of funding used for long term major projects, involving a private sector entity for constructing or upgrading property used in the provision of a public service, and operating and maintaining that property for a specified period of time.

In May 2012 the former Police Authority entered into a Private Finance Initiative (PFI) scheme to provide three new operational buildings within West Yorkshire. Payment to the contractor, the unitary payment, began in November 2013 with the opening of the first building and commencement of the service. The second building became operational in February 2014, and the final building became operational in April 2014. The contractor will operate and service the buildings for 25 years after which ownership will revert to the Police and Crime Commissioner at nil cost. The unitary payment will be met from revenue and a PFI grant awarded by the Home Office.

Property Plant and Equipment

The buildings are recognised on the Group and PCC Balance Sheets. Movements in their value over the year are detailed in the analysis of movements in Property Plant and Equipment in Note 13.

Payments

The Group makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2018 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Service Charge £000	Lifecycle Costs £000	Interest Costs £000	Finance Liability £000	Total Unitary Payment £000
Future payments:					
Payable in 18/19	2,259	286	6,802	2,187	11,534
Between 2 to 5 years	9,064	860	25,484	10,727	46,135
Between 6 to 10 years	11,323	1,999	27,173	17,174	57,669
Between 11 to 15 years	11,323	2,663	20,139	23,544	57,669
Between 16 to 20 years	11,373	2,779	10,521	32,996	57,669
Payable in 21 years	2,342	405	586	8,169	11,502
Total	47,684	8,992	90,705	94,797	242,178

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the service they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed.

The liability outstanding to be paid to the contractor for capital expenditure incurred is as follows:

	2017/18 £000	2016/17 £000
Balance outstanding at start of year	96,973	99,049
Capital expenditure incurred in the year	0	0
Payments during the year	(2,176)	(2,076)
Balance Outstanding at year-end	94,797	96,973
Current liabilities	2,187	2,176
Long Term Liabilities	92,610	94,797
Total Liability	94,797	96,973

Financial transactions in the year have been as follows:

	2017/18 £000	2016/17 £000
Financial transactions in the year have been as follows:-		
PFI grant receipts (in advance)	(12,329)	(12,329)
PFI grant applied	11,792	11,647
Balance contributed to PFI reserve	(537)	(682)
Unitary charge	12,218	11,845
Penalties imposed/(Compensation)	(426)	(198)
Total Payment	11,792	11,647

The unitary charge is split into service elements and a construction element. The service element is charged to revenue as it is incurred and the construction element is accounted for as if it were a finance lease.

The unitary payment has been split up as follows:

	2017/18 £000	2016/17 £000
The unitary payment has been split as follows:-		
Fair value of services	1,863	2,061
Lifecycle replacement	111	92
Contingent rent	684	311
Finance lease interest charges	6,958	7,107
Lease redemption	2,176	2,076
Unitary Payment	11,792	11,647

Note 34 – DEFINED BENEFIT PENSION SCHEME

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

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

The Local Government Pension Scheme for Group Staff employees:

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

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

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

All are unfunded schemes meaning that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension 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 all schemes is set out in the notes to the Pension Fund Account.

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

LGPS = Local Government Pension Scheme.
POLICE PS = Police Pension Scheme.

	PCC	GROUP	GROUP	PCC	GROUP	GROUP
	LGPS	LGPS	POLICE PS	LGPS	LGPS	POLICE PS
	£000	£000	£000	£000	£000	£000
	2017/18	2017/18	2017/18	2016/17	2016/17	2016/17
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT						
Cost of Services						
Service cost comprising:						
Current service costs	490	31,843	109,327	365	21,991	60,741
Past service costs	18	1,192	0	1	59	0
(Gain)/loss from settlements	0	0	0	0	0	0
Finance and Investment Income and Expenditure:						
Net interest expense	82	5,343	128,614	82	4,918	143,519
Pension Costs Recognised in the Provision of Services	**591**	**38,378**	**237,941**	**448**	**26,968**	**204,260**
Other Post-employment Benefits charged to the CIES *Remeasurement of the net defined benefit liability comprising:*						
Return on plan assets Actuarial gain/(loss)	0	0	0	0	0	0
Experience (gain)/loss on assets	(71)	(4,612)	(82,199)	(1,269)	(76,446)	(73,128)
Experience (gain)/loss on liabilities	34	2,212	(237,898)	(296)	(17,859)	0
Actuarial (gain)/loss on changes in demographic assumptions	0	0	56,997	(337)	(20,295)	0
Actuarial (gain)/loss on changes in financial assumptions	0	0	(302,205)	2,884	173,756	965,637
Pension Costs Recognised in Other Comprehensive Income and Expenditure	**(37)**	**(2,400)**	**(565,305)**	**982**	**59,156**	**892,509**
Total Pension Costs Recognised in the CIES	**554**	**35,978**	**(327,364)**	**1,430**	**86,124**	**1,096,769**

MOVEMENT IN RESERVES STATEMENT Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(591)	(38,378)	(237,941)	(448)	(26,968)	(204,260)
Actual amount charged against the Police Fund Balance for pensions in the year:						
Employers contributions payable to scheme	225	14,610	43,732	320	19,262	43,146
Retirement benefits payable to pensioners	3	196	4,960	3	195	4,759

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

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

	PCC	GROUP	GROUP	PCC	GROUP	GROUP
	LGPS £000	LGPS £000	POLICE PS £000	LGPS £000	LGPS £000	POLICE PS £000
	2017/18	2017/18	2017/18	2016/17	2016/17	2016/17
Fair value of plan assets	10,558	644,697	0	9,982	607,302	0
Present value of the defined benefit obligation	(15,663)	(878,713)	(4,833,608)	(14,761)	(820,146)	(5,209,664)
Pension asset/(liability) recognised on the Balance Sheet	**(5,105)**	**(234,016)**	**(4,833,608)**	**(4,779)**	**(212,844)**	**(5,209,664)**

Reconciliation of the Movements in the Fair Value of Scheme Assets

	PCC	GROUP	GROUP	PCC	GROUP	GROUP
	LGPS £000	LGPS £000	POLICE PS £000	LGPS £000	LGPS £000	POLICE PS £000
	2017/18	2017/18	2017/18	2016/17	2016/17	2016/17
Opening fair value of scheme assets	**9,982**	**607,302**	**0**	**8,190**	**499,352**	**0**
Interest income	246	16,002	0	292	17,585	0
Remeasurements gain / (loss)						
The return on plan assets, excluding the amount included in the net interest expense	71	4,612	82,199	1,269	76,446	73,128
Contributions from employer	225	14,610	48,692	320	19,262	47,905
Contributions from employees into the scheme	112	7,294	22,801	116	7,001	22,264
Benefits paid	(79)	(5,123)	(153,692)	(205)	(12,344)	(143,297)
Closing fair value of scheme assets	**10,558**	**644,697**	**0**	**9,982**	**607,302**	**0**

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

	PCC	GROUP	GROUP	PCC	GROUP	GROUP
	LGPS £000	LGPS £000	POLICE PS £000	LGPS £000	LGPS £000	POLICE PS £000
	2017/18	2017/18	2017/18	2016/17	2016/17	2016/17
Opening present value of scheme liabilities	**(14,762)**	**(820,146)**	**(5,209,664)**	**(11,863)**	**(645,529)**	**(4,160,800)**
Current service cost	(490)	(31,843)	(109,327)	(365)	(21,991)	(60,741)
Interest cost	(329)	(21,345)	(128,614)	(374)	(22,503)	(143,519)
Contribution from scheme participants	(112)	(7,294)	(22,801)	(116)	(7,001)	(22,264)
Remeasurement (gain) and loss:						
Actuarial gain/(loss) arising from changes in demographic assumptions	0	0	(56,997)	337	20,295	0
Actuarial gain/(loss) arising from changes in financial assumptions	0	0	302,205	(2,884)	(173,756)	(965,637)
Actuarial gain/(loss) on liabilities - experience	(34)	(2,212)	237,898	296	17,859	0
Past service costs	(18)	(1,192)	0	(1)	(59)	0
Benefits paid	82	5,319	153,692	208	12,539	143,297
Closing present value of scheme liabilities	**(15,664)**	**(878,713)**	**(4,833,608)**	**(14,762)**	**(820,146)**	**(5,209,664)**

Local Government Pension Scheme assets comprised:

	PCC				GROUP			
	2017/18		2016/17		2017/18		2016/17	
	£000	%	£000	%	£000	%	£000	%
Equities	8,161	77.3%	7,706	77.2%	498,351	77.3%	468,837	77.2%
Property	475	4.5%	429	4.3%	29,011	4.5%	26,114	4.3%
Government Bonds	992	9.4%	1,008	10.1%	60,602	9.4%	61,338	10.1%
Corporate Bonds	391	3.7%	389	3.9%	23,854	3.7%	23,685	3.9%
Cash	190	1.8%	120	1.2%	11,605	1.8%	7,288	1.2%
Other	348	3.3%	329	3.3%	21,275	3.3%	20,041	3.3%
Total Assets	10,558	100.0%	9,982	100.0%	644,697	100.0%	607,302	100.0%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels, etc.
The Local Government Pension Scheme was assessed by AON Hewitt, and the Police Pension scheme by Mercers, both independent firms of actuaries. The most recent full actuarial valuations in respect of the staff scheme was carried out as at 31 March 2016, and in respect of the police schemes as at 31 March 2018.

The principal assumptions used by the actuaries have been:

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

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in previous periods.

Impact on the Defined Benefit Obligation in the Scheme

	PCC		GROUP			
	LOCAL GOVERNMENT PENSION SCHEME £000		LOCAL GOVERNMENT PENSION SCHEME £000		POLICE PENSION SCHEME £000	
	2017/18		2017/18		2017/18	
Value of Funded Liabilities:	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
With above assumptions	(15,615)	(15,615)	(875,976)	(875,976)	(4,833,608)	(4,833,608)
	+0.1%	-0.1%	+0.1%	-0.1%	+0.1%	-0.1%
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(15,274)	(15,964)	(856,839)	(895,541)	(4,741,591)	(4,925,625)
Rate for increase in salaries (increase or decrease by 0.1%)	(15,708)	(15,522)	(881,210)	(870,797)	(4,849,312)	(4,817,904)
Rate for increase in pensions (increase or decrease by 0.1%)	(15,869)	(15,365)	(890,243)	(861,956)		
Rate for increase in inflation (increase or decrease by 0.1%)					(4,927,692)	(4,739,524)
	+1 year	+1 year	+1 year	-1 year	+1 year	-1 year
Adjustment to mortality age (increase or decrease in 1 year)	(15,151)	(16,082)	(849,938)	(902,161)	(4,961,041)	(4,706,175)

Impact on the Group's Cash flows

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

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to services after 31 March 2018 (or services after 31 March 2019 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 Group's expected contribution to the schemes in 2018/19 is:
Police Pension Scheme £130.9m.
Local Government Pension Scheme £33.0m (The PCC's share of the LGPS is approx. 1.5%).

Note 35 – CONTINGENT LIABILITIES

Termination Benefits
A major programme of organisational change has been put in place to meet the challenge of reduced resources resulting from the Government's Spending Review. This focuses on protecting as far as possible frontline services, whilst making significant savings in back and middle office and support functions. There will as a result be a reduction in both police officer and police staff numbers, to be managed predominantly through natural wastage and police staff voluntary redundancies. The Group has included an estimate of the costs of severance in its medium term financial forecast, to enable it to meet the liabilities as they fall due. At this time it is not possible to predict a value or timing of any obligation falling due.

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

Police Pension Regulations
The Chief Constable of West Yorkshire, along with other Chief Constables and the Home Office, currently has claims lodged against them with the Central London Employment Tribunal. The claims are in respect of

alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015.

Claims of unlawful discrimination have also been made in relation to the changes to the judiciary and Firefighters Pension Regulations and in 2016/17 these claims were heard in the Employment Tribunal.

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

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

Note 36 – NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The PCC and Group's activities expose it to a variety of financial risks.

- **Credit risk** the possibility that other parties might fail to pay amounts due to the PCC and Group;
- **Liquidity risk** the possibility that the PCC and Group might not have funds available to meet its commitments to make payments;
- **Re-financing risk** the possibility that the PCC and Group might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- **Market Risk** the possibility that financial loss might arise for the PCC and Group as a result of changes in such measures as interest rate movements.

Overall procedures for managing risk

The PCC and Group's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and associated regulations. These require the PCC and Group to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Investment Guidance issued through the Act. Overall, these procedures require the PCC and Group to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
    - The PCC and Group's overall borrowing;
    - Its maximum and minimum exposures to fixed and variable rates;
    - Its maximum and minimum exposures to the maturity structure of its debt;
    - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved at or before the annual budget setting meeting or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the PCC and Group's financial instrument exposure. Actual performance is also reported regularly to the PCC and the Independent Audit Committee Members.

The annual treasury management strategy which incorporates the prudential indicators is available on the Police and Crime Commissioner's website. The key issues within the strategy were:

- The Authorised Limit for the 2017/18 was set at £128m for general borrowing and £106.7m for PFI. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £107m for general borrowing and £97m for PFI. This is the expected level of debt and other long term liabilities during the year.
- The maximum amounts of fixed and variable interest rate exposure were set at £5m and £2m based on the PCC and Group's net debt.
- The maximum and minimum exposures to the maturity structure of debt are shown later in this note under refinancing and maturity risk.

The implementation of these policies is delegated to the PCC's Treasurer, supported by a central Treasury Team employed by Wakefield Metropolitan District Council. The PCC and Group maintains written principles for overall risk management, as well as written policies (Treasury Management Practices – TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed annually.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the PCC and Group's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.
The key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

- UK Banks or non UK and domiciled in a country with a minimum Sovereign long term rating of AAA from two out of three agencies, provided the third is no lower than AA+ and have, as a minimum, the following Fitch, Moody's and Standard and Poor's credit ratings (where rated): Short Term – F1; Long Term – A; Viability Rating/ Financial Strength – Fitch / Moody's only. Non-UK banks BB+/C, Support – 3 (Fitch only);
- Guaranteed banks - Lloyds Banking Group and RBS, provided they continue to be part nationalised or meet the ratings above;
- The PCC and Group's own banker;
- Building Societies meeting the ratings for banks outlined above;
- Money Market Funds with a long term credit rating of AAA;
- UK Government (The DMADF);
- Local authorities including police, fire, parish and community authorities.

Money limits range from £3m to £5m and time limits from 3 months to 3 years, with the maximum total amount invested for longer than 364 days limited to £15m (maximum of £10m in the 2-3 year period).

The PCC and Group's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments.

A risk of irrecoverability applies to all of the PCC and Group's deposits, but there was no evidence at the 31 March 2018 that this was likely to crystallise.

Customers

The PCC and Group does not generally allow credit for its customers, such that all of the £28.746m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	Actual 31 March 2018 £000	Actual 31 March 2017 £000
Less than 3 months	27,690	17,235
Three to six months	198	4,440
Six months to one year	550	576
More than one year	308	0
Total	28,746	22,251

The experience of default is illustrated by the debts written off during 2017/18 totalling £0.0114m (2016/17 £0.004m).

Collateral – during the reporting period the PCC and Group held no collateral as security.

Liquidity Risk

The PCC and Group manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The PCC and Group has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The PCC and Group is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets, excluding sums due from customers, is as follows:

	Actual 31 March 2018 £000	Actual 31 March 2017 £000
Less than one year	77,045	84,542
Between one and two years	0	0
Total	77,045	84,542

Refinancing and Maturity risk

The PCC and Group maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the PCC and Group relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The former

Police Authority approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the PCC and Group's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period:

	Approved minimum limits (%)	Approved maximum limits (%)	Actual 31 March 2018 £000	Actual 31 March 2018	Actual 31 March 2017 £000	Actual 31 March 2017
Less than one year	0	25	14,896	14.76%	14,459	14.33%
Between one and two years	0	40	489	0.48%	446	0.44%
Between two and five years	0	60	11,771	11.66%	11,614	11.51%
Between five and ten years	0	80	4,303	4.26%	3,922	3.89%
More than ten years	0	100	69,458	68.83%	70,485	69.84%
Total	0	100	100,917	100.00%	100,926	100.00%

Market Risk

Interest rate risk - The PCC and Group is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the PCC and Group, for instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the Police Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The PCC and Group has a number of strategies for managing interest rate risk. The annual Treasury Management Strategy draws together the PCC and Group's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

Note 37 – OTHER BALANCES

The PCC and Group holds monies on behalf of third parties arising from its operational responsibilities. The amounts are included as Creditors on the Balance Sheet and are as follows:

ACCOUNT	01.4.17 Balance £'000	Expenditure in Year £'000	Receipts in Year £'000	31.3.18 Balance £'000	Description of Account
Drug Trafficking Offences Act	(1,069)	94	(214)	(1,189)	Act empowers Police to retain monies seized during investigation
Misuse of Drugs Act	0	0	0	0	Monies forfeited and awarded by court to be used to tackle drug related crime
Income Pending Return to Claimants	(793)	110	(203)	(886)	Cash held for third parties e.g. sudden deaths
Proceeds of Crime Act	(5,554)	4097	(3,114)	(4,571)	Act empowers Police to seize monies and property during investigations
Police Property Act Fund	(281)	59	(152)	(374)	Proceeds from disposal of property in connection with a criminal offence. The money is then donated to local charities
TOTAL	(7,697)	4,360	(3,683)	(7,020)	

WEST YORKSHIRE POLICE

PENSION FUND

STATEMENT

OF

ACCOUNTS 2017/18

WEST YORKSHIRE POLICE

PENSION FUND ACCOUNT STATEMENTS

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

Notes to the Pension Fund Account

2016/17 £'000		2017/18 £'000
	NET ASSETS STATEMENT	
0	Contribution due from Employer	0
0	Unpaid Pension Benefits	0
0	Amount Owing from the Police Fund	0
0		0

The Police Pension Scheme in England and Wales

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

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

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

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

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

The Net Asset Statement does not include liabilities to pay pensions and other benefits after the balance sheet date, see disclosure Note 34 of the Core Statements about the IAS19 liability.

YORKSHIRE AND

THE HUMBER

LEAD FORCE COLLABORATION

REVENUE ACCOUNT

2017/18

NARRATIVE TO THE REVENUE ACCOUNT

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

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

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

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

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

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

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

YORKSHIRE AND HUMBER REGIONAL COLLABORATION

REVENUE ACCOUNT FOR THE PERIOD

1 APRIL 2017 TO 31 MARCH 2018

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

NPAS

REVENUE ACCOUNT

2017/18

NARRATIVE TO THE REVENUE ACCOUNT

The primary objective of the NPAS project is to deliver a national service that provides the police service with capability from the air that maximises the benefits of air support to the delivery of frontline services, is achieved at lower cost than the 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 was rolled out across the country on a phased basis which commenced in October 2012.

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

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

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

NPAS

REVENUE ACCOUNT FOR THE PERIOD

1 APRIL 2017 TO 31 MARCH 2018

2016/17 £000		2017/18 £000
	EXPENDITURE	
21,248	Staff Costs	20,996
1,812	Property Related Expenses	1,802
1,864	Supplies and Services	2,103
15,800	Transport Related Expenses	15,649
40,725		40,550
	INCOME	
(40,253)	Contributions	(38,182)
(472)	Other Income	(2,368)
(40,725)		(40,550)
0	**(DEFICIT)/SURPLUS IN YEAR**	0

ANNUAL GOVERNANCE STATEMENT FOR THE POLICE AND CRIME COMMISSIONER FOR WEST YORKSHIRE AND GROUP

This Annual Governance Statement reflects both the governance framework put in place for the Police and Crime Commissioner (PCC) and Group for the year ended 31 March 2018, including plans for the financial year 2018/19.

1. SCOPE OF RESPONSIBILITIES

The PCC for West Yorkshire is responsible for ensuring that business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The PCC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the PCC is also responsible for putting in place proper arrangements for the governance of the group's affairs and facilitating the exercise of its functions. This includes ensuring that a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk. In exercising this responsibility, the PCC places reliance on the Chief Constable to support the governance and risk management processes.

This statement explains how the PCC has complied with the principles of the code and also meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement.

In light of the dynamic changes within policing and community safety governance the PCC continues to review the code of corporate governance to ensure it reflects and supports the wider arrangements. The code is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government. A copy will be made available on the website at www.westyorkshire-pcc.gov.uk or one can be obtained from the Chief Executive, Ploughland House, 62 George Street, Wakefield, WF1 1DL.

In drafting this Annual Governance Statement reliance has been placed on the governance processes within West Yorkshire Police (WYP), as reflected in the WYP Annual Governance Statement which is published alongside the accounts of the Chief Constable.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

3. THE GOVERNANCE FRAMEWORK

The key elements that comprise the governance arrangements that have been put in place for the PCC and WYP include:

Identifying and communicating the Police and Crime Commissioner's vision of his purpose and intended outcomes for citizens and service users as set out in his refreshed Police and Crime Plan.

The PCC made his commitments for policing clear in his election pledges and has set out further commitments in his Police and Crime Plan 2016-2021 which sets out a strategic vision for policing, community safety and joint working with the wider criminal justice system across West Yorkshire over a five year period. In doing so he has had regard to the Strategic Policing Requirement and the West Yorkshire Police Strategic Assessment and the plan was developed in close consultation with the public of West Yorkshire as well as a wide range of key stakeholders and partners.

The PCC has formed a Partnership Executive Group (PEG)[2] with a membership at strategic level from policing, community safety, the wider criminal justice system, victims and third sector organisations, The PEG plays a key role in developing this strategic vision and the Police and Crime Panel (PCP) were also consulted on the Plan.

The Police and Crime Plan reflects a shared vision with partners, and has the overall aim of ensuring that communities in West Yorkshire are safer and feel safer. Local priorities have been set in consultation with individuals and organisations and community safety partnerships which sit within the plan.

The plan has been communicated widely via media (including social media such as Facebook, Twitter, You Tube), existing contacts and events and groups attended by the PCC or PCC representatives.

A refresh of the Police and Crime Plan will be published in July 2018.

Reviewing the PCC's vision and strategy and its implications for governance arrangements

The Partnership Executive Group (PEG) is consulted around the delivery of the Police and Crime Plan and the group provides the steer for this. Reviewing and renewing the vision and strategy as set out in the Police and Crime Plan will be ongoing as the PCC continues to consult with the Partnership Executive Group but also with a wide range of partners delivering on the ground, community groups and projects, public engagement and consultation events conducted by the PCC but also the Office of the PCC (OPCC), ensuring the vision and strategy reflects the needs of our communities.

The partnership structure is now well established with regular meetings held, terms of reference agreed and decision making taking place to support the delivery of the Police and Crime Plan.

The PEG receives quarterly updates from the West Yorkshire Community Safety Forum, Third Sector Advisory Group and the Mental Health Forum.

The PCC holds regular strategic planning days with the Chief Officer Team (COT) to look at how WYP can best deliver on the priorities in the Plan.

[2]The PEG is made up of representatives from the following: Local Authority Leader representatives; Community Safety Partnerships; Crown Prosecution Service; Local Authorities; Local Criminal Justice Board; NHS England; Police and Crime Commissioner; Police and Crime Panel; Prison Service; Public Health; Victim Support; Third Sector organisations in West Yorkshire; West Yorkshire Fire & Rescue Authority; West Yorkshire Police; West Yorkshire Probation and Youth Offending Teams.

Monitoring performance against operational, financial and other strategic plans

The PCC has established a performance management framework which includes monthly and quarterly reporting on indicators, commitments and wider relevant information. West Yorkshire Police now present a performance report to a quarterly performance meeting, allowing the PCC to challenge performance and ask key questions based not only on the force report but on issues identified through the wider scanning by his office. The monthly Force Accountability Meetings chaired by the Chief Constable where performance issues are discussed with leaders across the force are attended by representatives from the OPCC.

The PCC also holds the Chief Constable to account at Community Outcomes Meetings (COM). These are held formally every six weeks and are reported publicly via the OPCC website.

The PCC also monitors policing performance through his Joint Executive Group which meets on a six weekly basis and includes senior leaders from his office and West Yorkshire Police.

National and Regional Performance

The PCC actively engages in collaborative working in partnership with policing bodies within the North East Region to deliver a number of specific critical services on a regional basis most of which are delivered with regard to the Strategic Policing Requirement. The activities are undertaken under the joint control of the regional PCCs. Regional collaboration is funded from contributions made by the PCCs.

The PCC is the current Chair of the North East Collaboration Board (NECB), the members of which jointly set strategic direction, scrutinise regional performance, delivery and monitor benefits realisation. The NECB is also responsible for monitoring the performance of the regional response to serious and organised crime.

The PCC is represented on the West Yorkshire Local Resilience Forum which is jointly chaired by the local authority chief executives and the police. It has statutory responsibility for tracking, assessing and addressing strategic risks to, and resilience of, the communities of West Yorkshire and is responsible for civil contingencies arrangements. The PCC also maintains close contact with the Counter Terrorism Policing North East unit (CTPNE) and is member of the Joint Counter-Terrorism Oversight Group along with the Police and Crime Commissioners of the other areas hosting a Counter Terrorism Policing unit.

The PCC is 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 former service which was 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 Chief Constable of West Yorkshire Police is the lead local chief constable for NPAS, is the holder of the Police Aviation Operator's Certificate issued by the Civil Aviation Authority and has operational responsibility for delivery of the service across England and Wales.

The PCC has established a Local Strategic Board which meets quarterly. Performance of NPAS is scrutinised at these meetings along with progress to date, the development of the service and the consideration of other relevant information such as expenditure, financial planning, governance and risk. The PCC chairs the National Strategic Board which also meets quarterly and provides governance, oversight and strategic direction on behalf of all policing bodies using the service.

Measuring the quality of services for users, to ensure that they are delivered in accordance with the Police and Crime Commissioner's objectives and represent best use of resources

The PCC manages a comprehensive survey programme that produces reliable and independent information at a neighbourhood level to assess public satisfaction with policing and to understand local priorities and concerns.

The Public Perception Survey (Your Views) has been running for ten years (in various forms) and provides trends over time and has been a valuable resource for the OPCC, West Yorkshire Police and Local Authority partners. The survey has been refreshed for 2018/19 in order to reflect changing threats and demand pressures.

In addition to this, a community conversation survey was undertaken during 2017/18, which looked to understand community priorities for policing and community safety. Over 2,000 responses were received and these results fed into the budget setting process. There are plans to repeat a similar exercise every year, although the format and method of distribution will be reviewed.

The PCC also undertakes consultation around feelings of safety and local safety concerns through a wide range of events across West Yorkshire. Over the last year the PCC has visited over 50 community groups and neighbourhood policing areas and met with over 100 partner organisations to better understand local policing and community safety needs to inform the work of his office and partners in making sure our communities are safer and feel safer.

Staff in the OPCC, with the PCC, also engage regularly in the communities of West Yorkshire and have attended major events such as Bradford, Leeds and Wakefield Prides, Pudsey Carnival, Beeston Festival, Harold Park Gala, the Emergency Services Open Day and Great Horton Community Festival.

The OPCC is very active on social media, communicating via Twitter and Facebook and through an electronic newsletter to keep communities informed of the decisions that may affect them. People are encouraged to put forward their views via the website, Facebook and on Twitter.

A casework team handles the majority of daily contact with the OPCC, which amounts to around 100 new cases a month. Specialist software assists with effective case management and reporting in order to identify common issues that members of the public are raising with the office.

The PCC holds monthly surgeries in various locations across West Yorkshire offering appointments for constituents to have face-to-face discussion with the Police and Crime Commissioner as well as additional appointments at the office. This facility offers an additional avenue for people to raise issues with the PCC directly.

Risk Management Processes

The OPCC maintains its own risk register which focuses on key risks associated with delivery of the Police and Crime Plan, and the working of the Office. The PCC also maintains strategic oversight of risk management arrangements in force through an OPCC officer attendance at the Risk Management Group chaired by the Deputy Chief Constable and via reports to the Joint Independent Audit and Ethics Committee. Strategic risk is also considered at the PCC’s Good Governance Group which is attended by senior risk owners and the chair of the Joint Independent Audit and Ethics Committee.

Wherever possible the PCC and WYP Risk Management strategy and processes have been aligned. Although the risk registers remain separate a consistent approach to the scoring and prioritising of risks has been agreed. In order to further embed risk management processes within the OPCC the strategic risk register for the PCC is now reported quarterly to the OPCC Executive Leadership Team. Risk and insurance are closely linked, and insurance policies arranged where appropriate.

Defining and documenting the roles and responsibilities of the Police and Crime Commissioner and WYP and its senior officers, setting out clear delegation arrangements and protocols for effective communication, and arrangements for challenging and scrutinising WYP activity

The PCC’s Scheme of Delegation, Financial Regulations and Contract Regulations have been developed in accordance with the Home Office Financial Management Code of Practice to enable effective accountability and govern the relationship between the PCC and WYP. There is a decision making framework which ensures that all decisions by the PCC are published and available for public scrutiny. The Chief Constable also has a Scheme of Delegation for police officers and staff which is consistent with the framework set by the PCC.

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members, officers and staff

There is an officer code of conduct which was reviewed as part of the preparations for transition to the OPCC, since that time all staff have been trained on ethics. The legislation requires the PCC to have two statutory officers – a chief executive and a chief finance officer. The Monitoring Officer for the PCC is the Interim Chief Executive who also chairs the Good Governance Group while the Treasurer (Chief Finance Officer) regularly meets with the Estates and ICT departments in order to maintain an oversight of assets. The PCC and CC have adopted a joint business interests and voluntary working policy. The PCC's Scheme of Delegation follows the governance principles used by non-departmental public bodies in requiring any individual exercising delegated authority to seek prior authority before taking decisions that he might regard as novel, contentious or repercussive. The PCC or his senior staff review these decisions and the permission processes. Until October 2017, the role of the monitoring officer had been undertaken by an Interim Chief Executive, seconded from the Prison Service who, like the current Interim Chief Executive has been working with the Police and Crime Commissioner whilst the substantive post holder is seconded to North Yorkshire OPCC.

Reviewing and updating standing orders and supporting documentation, which clearly define how decisions are taken and processes and controls required to manage risk.

The PCC's Scheme of Delegation and Financial regulations, incorporating Contract Standing Orders are regularly reviewed. They are currently being updated to ensure our governance can be as efficient and effective as possible.

Undertaking the core functions of an Audit Committee

The Joint Independent Audit and Ethics Committee undertakes the core functions of an Audit Committee, and in line with CIPFA guidance considers issues in relation to internal control, risk management and Treasury Management. The Committee receives regular reports from both internal and external audit.

It provides independent assurance to both the PCC and the Chief Constable on the adequacy of the corporate governance and risk management arrangements and the associated control environment.

During 2017/18 the remit of the committee continued to include consideration of ethical matters. The committee has therefore become the Joint Independent Audit and Ethics Committee. The ethics element of the committee is in its infancy but developing well. The committee is being reviewed now that the first annual cycle of the revised Audit and Ethics Committee has completed.

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

The PCC has a duty to ensure that the Group acts in accordance with the law and associated regulations. The Monitoring Officer and Chief Finance Officer have statutory responsibilities in this regard, and Internal Audit provides an assurance function and an annual independent objective opinion on the control environment, comprising risk management, internal control and governance.

All decision notices taken to the PCC include an analysis of any legal implications. Decisions made by the PCC are published on the website.

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. Public surgeries are arranged on a monthly basis where individuals can make an appointment to raise issues with the PCC.

Complaint handling in WYP is monitored in regular meetings between the Interim Chief Executive and the Head of Professional Standards Department. The PCC and Interim Chief Executive have regular meetings with the local Commissioner from the Independent Office for Police Conduct (IOPC) Specific case work or complaint matters are considered in Community Outcomes Meetings between the PCC and the Chief Constable as are trends and statistical data down to district level. The PCC is represented on the Independent Advisory Group for the Professional Standards Department.

Complaints handling and the confidential reporting process were both reviewed by Internal Audit within the last two years.

As noted, matters which are contentious, repercussive or novel are required to be notified to the Police and Crime Commissioner as part of his Scheme of Consent and any material matters are raised in quarterly meetings of the PCC's Good Governance Group chaired by the Interim Chief Executive.

Determining the conditions of employment and remuneration of officers and staff

There are national terms and conditions for police officers, and an approved job evaluation scheme is in place for police staff based upon role profiles for each post. Regular strategic and local consultation is undertaken with staff associations and trade unions.

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

There is a performance development review process in place which sets objectives and identifies training needs.

A programme of activity took place in advance of the transition to the revised governance arrangements in 2012, based on the functions required by the OPCC in supporting the PCC to fulfil his role and responsibilities, supported by identification of personal qualities required of officers at different levels. A review of OPCC roles and operating model has been completed to ensure a structure that reflects current requirements, involving all staff and unions.

Members of the Joint Independent Audit and Ethics Committee undertake development on a regular basis appropriate to their role, with an annual assessment of the effectiveness of the Committee. The Joint Independent Audit and Ethics Committee Chair updates the Police and Crime Panel on an annual basis.

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

The PCC's community conversation undertaken in 2017/18 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.

The PCC intends to build on his web and social media based consultation and has set up a Youth Advisory Group as he committed to during the election campaign and again in the Police and Crime Plan. The PCC continues to be public facing and engage with all sections of the community, partners and stakeholders to make sure that he is accountable day to day to the people he serves and continues to consult regularly and meaningfully with the people of West Yorkshire.

Incorporating good governance arrangements in respect of partnerships and other group working, and reflecting these in the Police and Crime Commissioner's overall governance arrangements

A key strength of the PCC's planning is the engagement of a wide range of partners, stakeholders and members of the public in setting his strategic direction. During the year the PCC has held a number of partnership events to assist both statutory and voluntary sector organisations in adapting to the new ways of working.

The PCC continues the good practice by involving a wide range of partners and members of the public in the review of his Police and Crime Plan. Following the re-election of the PCC in May 2016 extensive consultation was undertaken to inform the Police and Crime Plan 2016-2021.

The Police and Crime Panel both supports the work of the PCC and provides scrutiny on the delivery of the Police and Crime Plan on behalf of the people of West Yorkshire.

The Panel has a number of key statutory functions:

- to review and provide a report on the Annual Report and the Police and Crime Plan;
- to hold Confirmation Hearings for the posts of Deputy Police and Crime Commissioner, Chief Executive and Chief Finance Officer (Treasurer)
- to agree the appointment of Chief Constable (with the power to veto)
- to agree the precept (with the power to veto)

During 2017/18 the PCC attended each of the Police and Crime Panel meetings and also met with the Chair on eight occasions.

Role of the Chief Financial Officer in Local Government

CIPFA has 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 Treasurer 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.

Review of Effectiveness

The PCC has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including the system of internal audit and the system of internal control. These reviews are informed by the work of internal audit and also managers within the OPCC who have the responsibility for the development and maintenance of the governance environment. In addition comments made by the external auditors and other review agencies and inspectorates have informed this review.

During 2017/18 the assurance framework put together by the Head of Internal Audit and reported to the PCC and the Joint Independent Audit and Ethics Committee was further utilised to develop an audit planning process based on an ‘Audit Risk Universe’. This helps to ensure that audit coverage provides sufficient assurance in relation to internal control, governance and risk management processes.

The roles and processes applied in maintaining and reviewing the effectiveness of the governance framework are outlined below:

The PCC has overall responsibility for the discharge of all the powers and duties placed upon him and has a statutory duty ‘to maintain an efficient and effective police force’. The Joint Independent Audit and Ethics Committee considers the adequacy of the governance framework, referring matters to the PCC and/or Chief Constable as appropriate.

The Chief Constable has responsibility for conducting a review of the effectiveness of the governance framework within WYP at least annually. This review is informed by the work of the Assistant Chief Officer (Finance and Business Services), the Head of Risk and Insurance and managers within the WYP who have responsibility for the development and maintenance of the governance environment. In preparing the Annual Governance Statement for 2017/18 the PCC has placed reliance on this review and the Annual Governance Statement of the WYP.

Complaints against the PCC are the responsibility of the Police and Crime Panel for West Yorkshire or, in the case of serious allegations (i.e. of a criminal nature) are under the jurisdiction of the IOPC. Monitoring officer responsibilities are undertaken by the Interim Chief Executive in accordance with the Police Reform and Social Responsibility Act 2011.

Internal Audit provided an independent opinion on the adequacy and effectiveness of the system of internal control and concluded that reasonable assurance can be given regarding the overall internal control environment.

Internal Audit has been provided with assurances that weaknesses in the system and/or its operation are being addressed.

In the Annual Audit Letter for 2016/17, the external auditor reported that he had issued an unqualified opinion on the Statement of Accounts and an unqualified conclusion on the Authority’s arrangements for securing economy, efficiency and effectiveness in use of resources. He also reported that he had not identified any significant weaknesses in the Authority’s internal control arrangements.

Significant Governance Issues

Significant governance issues are defined as

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

There is one such issue to raise for 2017/18 relating to a judicial review brought by the former Chief Constable Mark Gilmore against the PCC, where the High Court dismissed the claims brought and awarded costs in favour of the PCC. Additionally it is appropriate to raise the extent of organisational change required to achieve the forecast real terms budget reductions, together with the Government’s policy for further reform of policing. Both these contributory factors mean that the PCC and WYP will continue to face an environment of risk.

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

Signed

Mark Burns Williamson
PCC for West Yorkshire

Jayne Sykes
Interim Chief Executive

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.

Agency Services
Services which are performed by or for another local policing body or public body, where the agent is reimbursed for the cost of work done.

Appropriations
Amounts transferred to or from revenue or capital reserves.

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.

Capital Expenditure

Expenditure on the acquisition of a non-current asset or expenditure which adds to and not merely maintains the value of an existing non-current asset.

Capital Receipts
Proceeds from the sale of an asset, which may be used to finance new capital expenditure or to repay outstanding loan debts as laid down within rules set by Central Government.

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.

Corporate and Democratic Core
The represent the cost of delivering public accountability and representation in policy making and meeting our legal responsibilities.

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 usual define the benefit independently of the contributions payable and where the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

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

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

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

IAS19
The objective of International Accounting Standard (IAS) 19, *Accounting for Retirement Benefits in Financial Statements of Employers* is to prescribe the accounting and disclosure for employee benefits (that is, all forms of consideration given by an entity in exchange for service rendered by employees). The principle underlying all of the detailed requirements of the Standard is that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

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

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

Group
The term Group refers to the Police and Crime Commissioner for West Yorkshire (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.

Leasing
A method of financing capital expenditure where a rental charge is paid for a specified period of time. There are two main types of leasing arrangements:-

(a) finance leases which transfer all of the risks and rewards of ownership of a non-current asset to the lessee and such assets are included in the non-current assets in the balance sheet.

(b) operating leases where the ownership of the asset remains with the leasing company and the annual rental is charged direct to the service revenue accounts.

Liquid resources
Current asset investments that are readily disposable by the Authority without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount or traded in an active market.

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.

Minimum Revenue Provision (MRP)
The minimum amount that the PCC is statutorily required to set aside from revenue each year as a provision to meet credit liabilities. For the PCC this relates to a principal sum based on a prudent assessment of the useful life of the asset, which is used for the redemption of external debt.

Medium Term Financial Strategy (MTFS)
A statement setting out a forecast of possible spending and government support for a forward three year period and used as a basis for planning.

Net Book Value
The amount at which non-current assets are included in the Balance Sheet and being their historical cost or current value, less the cumulative amounts provided for depreciation.

Non-Current Assets
Tangible and intangible assets that yield benefits to the PCC for a period of more than one year.

Non Distributed Costs

This is where overheads are not charged or apportioned to activities within the service expenditure analysis in the Income and Expenditure Account.

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 that £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).