Office of the
Police & Crime Commissioner
West Yorkshire

Statement of Accounts 2012/13

POLICE AND CRIME COMMISSIONER FOR WEST YORKSHIRE

STATEMENT OF ACCOUNTS 2012/13

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

The Accounts and Audit (England) Regulations 2011, produced and enforceable under the Audit Commission Act 1998, require the Statement of Accounts to be signed by the officer responsible for the financial administration 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 16 to 97 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 2013, and its income and expenditure for the year ended 31 March 2013.

Judith Heeley
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 Commissioner for West Yorkshire

We have audited the financial statements of the Police and Crime Commissioner for West Yorkshire for the year ended 31 March 2013 on pages 16 to 97. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the Police and Crime Commissioner in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to the Police and Crime Commissioner those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Police and Crime Commissioner's and the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Police and Crime Commissioner and the Group as at 31 March 2013 and of the Police and Crime Commissioner's and the Group's expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Matters on which we are required to report by exception

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

- the annual governance statement set out on pages 98 to 106 does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- the information given in the Explanatory Foreword for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- any matters have been reported in the public interest under section 8 of Audit Commission Act 1998 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under section 11 of the Audit Commission Act 1998; or
- any other special powers of the auditor have been exercised under the Audit Commission Act 1998.

We have nothing to report in respect of these matters

Other matters on which we are required to conclude

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are also required by the Audit Commission's Code of Audit Practice to report any matters that prevent us being satisfied that the audited body has put in place such arrangements.

We have undertaken our audit in accordance with the Code of Audit Practice and, having regard to the guidance issued by the Audit Commission, we have considered the results of the following:

- our review of the annual governance statement;
- the work of other relevant regulatory bodies or inspectorates, to the extent the results of the work have an impact on our responsibilities; and
- our locally determined risk-based work on aspects of financial planning and governance arrangements

As a result, we have concluded that there are no matters to report.

Certificate

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

Paul Lundy
for and on behalf of KPMG LLP, Appointed Auditor
Chartered Accountants
KPMG,
1 The Embankment,
Leeds,
West Yorkshire
LS1 4DW
30 September 2013

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

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

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

- selected suitable accounting policies and then applied them consistently:

- made judgements and estimates that were reasonable and prudent;

- complied with the Code of Practice;

- approved proper accounting procedures and records which were maintained and kept up to date; and

- taken reasonable steps for the prevention and detection of fraud and other irregularities.

EXPLANATORY FOREWORD TO THE STATEMENT OF ACCOUNTS

1 Introduction

On 15 September 2011 the Police Reform and Social Responsibility Act received Royal Assent, creating a significant shift in the way the police service in England and Wales is governed and held to account. One of the key reforms was to replace the West Yorkshire Police Authority with an elected Police and Crime Commissioner for West Yorkshire, and at the same time to establish the Chief Constable of West Yorkshire Police as a separate corporation sole. The primary function of the Police and Crime Commissioner is to secure the maintenance of an efficient and effective police force in West Yorkshire, and to hold the Chief Constable to account for the exercise of operational policing.

The first Police and Crime Commissioner for West Yorkshire was elected on 15 November 2012 and took up his post on 22 November, replacing the West Yorkshire Police Authority.

The value of assets, liabilities and reserves transferred from the former West Yorkshire Police Authority to the Police and Crime Commissioner for West Yorkshire as at that date was as follows:

Value of Assets, Liabilities and Reserves as at 22.11.2012

	£'000
Long Term Assets	180,322
Current Assets	84,483
Current Liabilities	(97,587)
Long Term Liabilities	(3,765,925)
Net Assets	(3,598,707)
Total Reserves	(3,598,707)

All of the financial transactions incurred during 2012/13 for policing West Yorkshire have been recognised and recorded within this Statement of Accounts, which sets out the overall financial position of the Police and Crime Commissioner Group for the year ended 31 March 2013. The Group position reflects the consolidated accounts of the Police and Crime Commissioner and its subsidiary, the Chief Constable of West Yorkshire Police. Where the Group position differs from the position of the Police and Crime Commissioner this is made clear in the statements and notes. Separate statutory accounts are prepared for the Chief Constable.

This foreword provides an overview of the new accounting arrangements and outlines the financial performance of the Police and Crime Commissioner and the Police and Crime Commissioner Group for 2012/13.

2 The Statement of Accounts

The 2012/13 core financial statements are set out in the following pages. They are prepared and presented using the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The accounts reflect the current legislative framework as well as the local arrangements operating in practice. 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 2012;
- The Police and Crime Commissioner's Scheme of Delegation and Financial Regulations

The accounts also reflect the Government's intention to phase in the reforms over more than one year. During stage 1, the Police and Crime Commissioner is responsible for the finances of the whole Group and controls the assets, liabilities and reserves which were transferred from the West Yorkshire Police Authority. 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 his functions under the Act within an annual budget agreed by the Police and Crime Commissioner. A scheme of delegation is in operation between the two bodies determining their respective responsibilities during this first stage.

All police staff were employees of the West Yorkshire Police Authority and transferred to the employment of the Police and Crime Commissioner on 22 November. The vast majority of police staff were under the direction and control of the Chief Constable, with a small team supporting the Authority and subsequently the Police and Crime Commissioner. Following the election, the direction and control of police staff in Corporate Communications, the Police National Legal Database (PNLD) and Risk and Insurance changed from the Chief Constable to the Police and Crime Commissioner. This is reflected in the Comprehensive Income and Expenditure Statement for the Police and Crime Commissioner.

Work is now ongoing in order to comply with the government's requirement to complete a stage 2 transfer, where the Police and Crime Commissioner and Chief Constable must agree which police staff will transfer to the employment of the Chief Constable corporation sole. A transfer scheme must be submitted to the Home Secretary for her approval during September 2013, with the transfer itself taking place by 1st April 2014.

The consolidated financial statements consist of:

Movement in Reserves Statement

This statement shows the movement in the year on different reserves held by the Police and Crime Commissioner and the Group, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Police and Crime Commissioner's and Group services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the Police Fund Balance for Council Tax precept. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory Police Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Police and Crime Commissioner and Group.

Comprehensive Income and Expenditure Statement

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 Police and Crime Commissioner and Group raises taxation to cover expenditure in accordance with regulations; this may be different from accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Balance Sheet

The Balance Sheet shows the value as at 31 March 2013 of the assets and liabilities recognised by the Police and Crime Commissioner and Group. The net assets (assets less liabilities) are matched by the reserves held by the Police and Crime Commissioner and Group. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitation on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Police and Crime Commissioner and Group 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 Police and Crime Commissioner and Group during the reporting period. The statement shows how cash and cash equivalents are generated and used by classifying cash flows as operating, investing and financing activities. The amount of net cash flow arising from operating activities is a key indicator of the extent to which the operations of the Police and Crime Commissioner and Group are funded by way of taxation and grant income or from the recipients of services provided. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to 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 Police and Crime Commissioner and Group.

3 Impact of the current economic climate on the Police and Crime Commissioner and Group

A significant proportion of revenue funding is derived from Police Formula Grant, Revenue Support Grant and National Non-domestic Rate income from the national pool. The national sums available and the distribution to authorities including local policing bodies (the Police and Crime Commissioner) are determined by Central Government.

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

In 2012/13 increases in council tax above the government’s excessiveness limit (4%) were subject to the requirement to hold a public referendum to determine whether the proposed increase had public support.

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

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

The Local Government Finance Settlement for 2012/13 reduced external support to police authorities by 6.7% on a like for like basis compared with 2011/12. This was a reduction of £23m for West Yorkshire. Government grant is allocated between force areas on the basis of their relative need to spend on providing the police service. West Yorkshire's allocation is £9.7m higher than the actual amount of grant received, because the government has decided to reduce the grant to all areas by the same percentage. This means that West Yorkshire receives less grant than it's allocation, while other areas receive more.

Indicative figures showed reductions of 1.5% in 2013/14 and 1.7% in 2014/15, although subsequent announcements by government have led to an expectation that reductions in 2014/15 will be more significant, and that further funding cuts will be imposed in 2015/16 and beyond.

In anticipation of the significant and ongoing reductions resulting from the Spending Review, a major programme of organisational change called Operation Transform was developed which aims to protect frontline services as far as possible, while making savings in support functions.

This has involved rationalisation and merger of departments, developing the best workforce mix, focussing resources on threat, harm and risk, making processes leaner and more efficient and reducing overheads. This work continues under the strategic direction of the PCC.

The former Authority agreed a revenue budget of £411.7m for 2012/13, accepting the government's council tax freeze grant of £2.2m, which meant that the council tax at band D remained unchanged at £130.50.

The latest Medium Term Financial Forecast now projects an overall reduction in budget of £142.5m by 2016/17, although there are significant uncertainties surrounding the level of future government funding and the impact of changes to the way in which council tax benefit is funded.

At the end of 2012/13 the PCC's Police Fund balances stood at £40.9m, an increase £10.3m on 2011/12. This is as a result of significant efforts to minimise spending during previous years to support the budget reduction strategy over the period of the Spending Review and beyond.

The PCC is required by law to maintain a prudent level of unearmarked reserves in order to meet unforeseen circumstances where no budget provision can reasonably be made. The current estimate of this minimum prudent level is around £7m. The PCC has agreed a prudent financial strategy to utilise surplus balances in a phased way over the medium term to fund organisational change costs and provide flexibility where necessary for future financial years.

Financing and Performance against Budget

The following statement compares main items of actual expenditure and income with the approved Revised Estimate for 2012/13:-

	Revised Estimate	Actual	Variation
GROUP NET SERVICE EXPENDITURE	**£'000**	**£'000**	**£'000**
Net Cost of Police Services	413,879	390,111	23,768
OPCC	1,761	1,644	117
	415,640	391,755	23,885
Interest Payable	4,784	4,152	632
Other Operating Costs	(34)	(34)	0
GROUP NET EXPENDITURE	**420,390**	**395,873**	**24,517**
Less: Use of Reserves			
Regional Working Reserve	0	(58)	58
Devolvement Reserve	0	(2,000)	2,000
VIPER Reserve	(1,000)	(1,000)	0
Body Armour Reserve	(1,660)	(1,660)	0
Add: Contribution to Reserves			
Regional Working Reserve	0	131	(131)
Devolvement Reserve	0	4,117	(4,117)
VIPER Reserve	0	433	(433)
PFI Reserve	0	3,200	(3,200)
Capital Financing Reserve	0	1,935	(1,935)
PNLD Reserve	0	492	(492)
Contribution / (Use of Balances)	(6,000)	10,267	(16,267)
TOTAL GROUP NET EXPENDITURE	**411,730**	**411,730**	**0**
FINANCING			
Police Grant	179,315	179,315	0
RSG	2,727	2,727	0
NNDR	140,693	140,693	0
Precept	88,995	88,995	0
TOTAL GROUP FINANCING	**411,730**	**411,730**	**0**

Police officer and police staff numbers have reduced more quickly than anticipated during the year, creating an underspend of around £9.3m. Close management of overtime also achieved a saving of £0.9m. Costs of organisational change came in at £2.2m under budget.

Significant savings in non-pay budgets include £1.7m on computers and communications, primarily through termination, consolidation and re-negotiation of contracts; reduction in vehicle fleet costs of £0.9m including £0.4m on fuel; £0.7m on operational equipment and materials; capital financing costs £1.9m due to the replacement of external borrowing with direct revenue funding; and additional income of £2.8m.

5 Significance of any pensions liability or asset disclosed in the statements

Pension costs are reported in line with International Accounting Standard 19 (IAS19). The pension liability shown on the Group Balance Sheet reflects the underlying commitment that the Police and Crime Commissioner has in the long term to pay retirement benefits. Although recognition of these liabilities has a considerable impact on the net worth of the Group, statutory arrangements for funding the deficit mean the financial position of the Group remains healthy. Refer to Note 36 for full IAS 19 disclosure.

The amount chargeable to the Police Fund for providing pensions to police officers and police staff is the amount payable for the financial year in accordance with the statutory requirements governing the pension schemes or funds in which the Police and Crime Commissioner and Group participates. Where this amount does not match the amount charged to the Comprehensive Income and Expenditure Statement for the year, any difference is taken to the Pension Reserve on the Balance Sheet via the Movement in Reserves Statement.

6 National Police Air Service (NPAS)

During 2012/13 West Yorkshire became the lead local policing body and force for the National Police Air Service (NPAS).
The primary objective of the NPAS project is to deliver a national service that provides the police service with capability from the air that maximises the benefits of air support to the delivery of frontline services, is achieved at lower cost than the current service (which is managed at a local level), is an integrated part of the wider policing strategy and harnesses innovation in the aviation sector for the benefits of policing.

It was originally intended that NPAS be hosted by the National Policing Improvement Agency (NPIA), but with the demise of the NPIA it was necessary to identify an alternative body to act as national lead.

Following due consideration of the benefits and risks involved, the West Yorkshire Police Authority agreed the Chief Constable's proposal for West Yorkshire Police and West Yorkshire Police Authority (and subsequently the Police and Crime Commissioner for West Yorkshire) to host the service under a lead force arrangement.

The service was rolled out across the country on a phased basis commencing in October 2012.

Transactions relating to NPAS are included with the Group accounts. A memorandum statement of accounts is also provided for NPAS.

7 Major changes in statutory function

As set out above, the West Yorkshire Police Authority ceased to exist on 22 November 2012 when the elected Police and Crime Commissioner for West Yorkshire took up post. The principle of going concern has been adopted for the purpose of preparing these accounts, on the basis that the service requirement will remain, new legal entities for the PCC and Chief Constable have been created and all assets and liabilities of the Police Authority have been transferred, initially to the PCC.

8 Borrowing

Due to the economic climate the Police and Crime Commissioner did not undertake any borrowing to fund the capital programme during 2012/13. Capital expenditure incurred was financed as follows:

	2012/13 £000
Opening Capital Financing Requirement	**119,653**
Capital investment:	
Capital Expenditure West Yorkshire	13,078
Capital Expenditure NPAS	23,257
Sources of finance:	
Capital Receipts	(2,170)
Government grants and other contributions	(5,677)
Government grants and other contributions NPAS	(9,371)
Donated Assets NPAS	(11,825)
Contribution from revenue West Yorkshire	(3,242)
Contribution from revenue NPAS	(4,050)
Minimum revenue provision	(4,672)
Closing Capital Financing Requirement	**114,981**
Explanation of movements in year	(4,672)
Increase in underlying need to borrowing (supported)	0
Provision for Debt Repayment (MRP)	(4,672)
Increase in underlying need to borrowing (unsupported)	0
Increase/(decrease) in Capital Financing Requirement	**(4,672)**

Transactions relating to NPAS are included here, but the overall impact on the capital financing requirement is nil.

9 Capital

In 2012/13, the Police and Crime Commissioner spent £36.335m on capital projects compared with £24.074m in 2011/12. An analysis is given below:-

Expenditure In Year	**2012/13 £'000**	**2011/12 £'000**
Acquisitions of land and buildings	0	0
Building works	5,296	15,613
IT, Vehicles and other expenditure	7,782	8,461
	13,078	24,074
NPAS Airframes and other assets	23,257	0
	36,335	24,074

The building works relate primarily to the minor projects and upgrade of Custody Facilities across the whole Force area.

Capital expenditure is financed by Home Office capital grant, loans, usable capital receipts and contributions from the revenue account. An analysis of financing, and of the Police and Crime Commissioner's long term borrowing, is given in the notes to the core Financial Statements.

At 31 March 2013, the Police and Crime Commissioner's current borrowing facilities and capital borrowing are as follows:-

Authorised Limit for external debt	£ 165.0m
Operational Boundary for external debt	£ 127.0m
Maximum External debt 2012/13	£ 123.6m
Actual Borrowing outstanding	£ 101.3m

10 Provisions, Contingencies and Write Offs.

Provision details are provided at Note 19.

A number of contingent liabilities have been recognised, as set out in Note 37.

There have been no material write-offs during the year.

11 Material Events after the reporting date.

The Financial Statements were authorised for issue by the Chief Finance Officer on 16th September 2013. All events relevant to the financial year ended 31 March 2013 have been taken into consideration up to this date and where material recognised in the Statement of Accounts. There can be no reasonable expectation that events after this date could have been taken into account by the Authority.

12 Further Information

Further information about the accounts is available from:

Judith Heeley,
Chief Finance Officer,
Ploughland House,
62 George Street,
Wakefield.
Telephone 01924 294000.
E-mail judith.heeley@wypcc.pnn.police.uk

Movement in Reserves Statement for the Police and Crime Commissioner for West Yorkshire and the Group

	Police Fund Balance	Earmarked Reserves	Capital Grants Unapplied	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Financial Instruments Adjustment Account	Collection Fund Adjustment Account	Pension Reserve	Accumulated Absences Adjustment Account	Total Unusable Reserves	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
RESTATED												
Balance at 1 April 2011	23,883	6,489	1,316	**31,688**	45,088	13,944	(273)	282	(3,426,899)	(28,829)	**(3,396,687)**	**(3,364,999)**
Movement in Reserves during 2011/12												
Surplus or (deficit) on the provision of services	(230,396)	0	0	**(230,396)**	0	0	0	0	0	0	**0**	**(230,396)**
Other Comprehensive Income and Expenditure	0	0	0	**0**	(613)	0	0	0	(15,206)	0	**(15,819)**	**(15,819)**
Total Comprehensive Income and Expenditure	(230,396)	0	0	**(230,396)**	(613)	0	0	0	(15,206)	0	**(15,819)**	**(246,215)**
Adjustments between accounting basis & funding basis under regulations (note 7)	241,645	0	(142)	**241,503**	(1,345)	(14,392)	(12)	(1,391)	(222,721)	(1,642)	**(241,503)**	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	11,249	0	(142)	**11,107**	(1,958)	(14,392)	(12)	(1,391)	(237,927)	(1,642)	**(257,322)**	**(246,215)**
Transfers (to)/from Earmarked Reserves (Note 8)	(4,467)	4,467	0	**0**	0	0	0	0	0	0	**0**	**0**
Increase/Decrease in 2011/12	6,782	4,467	(142)	**11,107**	(1,958)	(14,392)	(12)	(1,391)	(237,927)	(1,642)	**(257,322)**	**(246,215)**
Balance at 31 March 2012 C/fwd	**30,665**	**10,956**	**1,174**	**42,795**	**43,130**	**(448)**	**(285)**	**(1,109)**	**(3,664,826)**	**(30,471)**	**(3,654,009)**	**(3,611,214)**

Movement in Reserves Statement for the Police and Crime Commissioner for West Yorkshire and the Group

	Police Fund Balance	Earmarked Reserves	Capital Grants Unapplied	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Financial Instruments Adjustment Account	Collection Fund Adjustment Account	Pension Reserve	Accumulated Absences Adjustment Account	Total Unusable Reserves	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2012	30,665	10,956	1,174	**42,795**	43,130	(448)	(285)	(1,109)	(3,664,826)	(30,471)	**(3,654,009)**	**(3,611,214)**
Movement in Reserves during 2012/13												
Surplus or (deficit) on the provision of services	(180,696)	0	0	**(180,696)**	0	0	0	0	0	0	**0**	**(180,696)**
Other Comprehensive Income and Expenditure	0	0	0	**0**	(960)	0	0	0	(369,257)	0	**(370,217)**	**(370,217)**
Total Comprehensive Income and Expenditure	(180,696)	0	0	**(180,696)**	(960)	0	0	0	(369,257)	0	**(370,217)**	**(550,913)**
Adjustments between accounting basis & funding basis under regulations (note 7)	196,553	0	76	**196,629**	(2,362)	14,805	(11)	1,505	(212,780)	2,214	**(196,629)**	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	15,857	0	76	**15,933**	(3,322)	14,805	(11)	1,505	(582,037)	2,214	**(566,846)**	**(550,913)**
Transfers (to)/from Earmarked Reserves (Note 8)	(5,590)	5,590	0	**0**	0	0	0	0	0	0	**0**	**0**
Increase/Decrease in 2012/13	10,267	5,590	76	**15,933**	(3,322)	14,805	(11)	1,505	(582,037)	2,214	**(566,846)**	**(550,913)**
Balance at 31 March 2013 C/fwd	**40,932**	**16,546**	**1,250**	**58,728**	**39,808**	**14,357**	**(296)**	**396**	**(4,246,863)**	**(28,257)**	**(4,220,855)**	**(4,162,127)**

This statement shows the movement in the year to 31st March 2013 on the different reserves held by the Police and Crime Commissioner and Group, analysed into usable reserves and unusable reserves. As there is no distinction between the Police and Crime Commissioner and the Group movements there is no separate statement.

Comprehensive Income and Expenditure Statement for the Police and Crime Commissioner for West Yorkshire

2011/12 Gross Expenditure £000	2011/12 Gross Income £000	2011/12 Net Expenditure £000		2012/13 Police & Crime Commissioner Gross Expenditure £000	2012/13 Police & Crime Commissioner Gross Income £000	2012/13 Police & Crime Commissioner Net Expenditure £000	2012/13 Force Net Expenditure £000
0	0	0	Local Policing	72	(26,094)	(26,022)	202,352
0	0	0	Dealing with the Public	14	(601)	(587)	36,244
0	0	0	Criminal Justice Arrangements	15	(5,290)	(5,275)	38,050
0	0	0	Roads Policing	8	(3,149)	(3,141)	23,005
0	0	0	Specialist Operations	11	(4,722)	(4,711)	29,015
0	0	0	Intelligence	7	(666)	(659)	20,302
0	0	0	Specialist Investigations	43	(5,561)	(5,518)	113,746
0	0	0	Investigative Support	6	(334)	(328)	16,217
0	0	0	National Policing	260	(30,402)	(30,142)	32,950
0	0	0	Corporate and Democratic core	1,584	(93)	1,491	0
0	0	0	Non Distributed costs (Note 36)	3,522	0	3,522	0
0	0	0	Pension Costs Past Service Costs	360	0	360	0
0	**0**	**0**	**Net cost of policing services from Continuing Operations**	**5,902**	**(76,912)**	**(71,010)**	**511,881**
		0	Acquired Operation - National Police Air Service (NPAS)	4,704	(5,776)	(1,072)	0
		0	**Net cost of policing services from Total Operations**	**10,606**	**(82,688)**	**(72,082)**	**511,881**
			Group expenditure under the direction and control of the PCC				(436)
			Group expenditure not under the direction and control of the PCC	511,445	0	511,445	0
		0	Intra-group funding	0	0	0	(511,445)
		0	**Net cost of policing services**	**522,051**	**(82,688)**	**439,363**	**0**
		0	Other operating expenditure (Note 9)			54,660	
		0	Financing and investment income and expenditure (Note 10)			181,794	
		0	Taxation and non-specific grant income (Note 11)			(495,121)	
		0	**(Surplus) or Deficit on Provision of Services**			**180,696**	
		0	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets			960	
		0	(Surplus) or deficit on revaluation of available for sale financial assets			0	
		0	Actuarial (gains)/losses on pension assets/liabilities			369,257	
		0	**Other Comprehensive Income and Expenditure**			**370,217**	
		0	**Total Comprehensive Income and Expenditure**			**550,913**	

As this is the first year of accounting for the Police and Crime Commissioner there are no prior year comparators.
The Group Comprehensive Income and Expenditure Statement below includes the prior year figures for the former Authority.
The Chief Constable for West Yorkshire provides the policing service on behalf of the Police and Crime Commissioner for West Yorkshire and is reflected by the Net Expenditure within the Force column above.

Group Comprehensive Income and Expenditure Statement for the Police and Crime Commissioner for West Yorkshire and Group

2011/12				2012/13		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Restated	Restated	Restated				
218,689	(26,019)	192,670	Local Policing	202,352	(26,094)	176,258
42,709	(430)	42,279	Dealing with the Public	36,244	(601)	35,643
43,350	(5,080)	38,270	Criminal Justice Arrangements	38,050	(5,290)	32,760
20,034	(1,509)	18,525	Roads Policing	23,005	(3,149)	19,856
31,044	(3,906)	27,138	Specialist Operations	29,015	(4,722)	24,293
25,140	(804)	24,336	Intelligence	20,302	(666)	19,636
113,450	(4,609)	108,841	Specialist Investigations	113,746	(5,561)	108,185
18,770	(399)	18,371	Investigative Support	16,217	(334)	15,883
28,544	(24,293)	4,251	National Policing	32,950	(30,402)	2,548
1,569	(62)	1,507	Corporate and Democratic core	1,584	(93)	1,491
5,951	0	5,951	Non Distributed costs (Note 36)	3,522	0	3,522
1,142	0	1,142	Pension Costs Past Service Costs	360	0	360
550,392	**(67,111)**	**483,281**	**Net cost of policing services from Continuing Operations**	**517,347**	**(76,912)**	**440,435**
		0	Acquired Operation - National Police Air Service (NPAS)	4,704	(5,776)	(1,072)
		483,281	**Net cost of policing services from Total Operations**	**522,051**	**(82,688)**	**439,363**
		49,639	Other operating expenditure (Note 9)			54,660
		183,825	Financing and investment income and expenditure (Note 10)			181,794
		(486,349)	Taxation and non-specific grant income (Note 11)			(495,121)
		230,396	**(Surplus) or Deficit on Provision of Services**			**180,696**
		613	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets			960
		0	(Surplus) or deficit on revaluation of available for sale financial assets			0
		15,206	Actuarial (gains)/losses on pension assets/liabilities			369,257
		15,819	**Other Comprehensive Income and Expenditure**			**370,217**
		246,215	**Total Comprehensive Income and Expenditure**			**550,913**

The above Comprehensive Income and Expenditure Statement shows the accounting cost in the year to 31 March 2013 of providing service for the Group.

Balance Sheet for the Police and Crime Commissioner for West Yorkshire and the Group

31 March 2012 Restated £000		Notes	31 March 2013 £000
157,236	Property, Plant & Equipment	12	161,310
2,466	Intangible Assets	13	1,822
8,786	Long Term Investments	14	6,162
0	Long Term Debtor	14	9,371
168,488	**Long Term Assets**		**178,665**
38,944	Short Term Investments	14	38,756
2,634	Assets Held for Sale	12	6,016
1,299	Inventories	15	1,936
0	Donated Inventories	15	(504)
36,761	Short Term Debtors	16	44,060
9,508	Cash and Cash Equivalents	17	1,022
89,146	**Current Assets**		**91,286**
(5,727)	Cash and Cash Equivalents	17	(6,079)
(32,375)	Short Term Borrowing	14	(8,380)
(67,377)	Short Term Creditors	18	(63,205)
(3,281)	Provisions	19	(2,793)
(108,760)	**Current Liabilities**		**(80,457)**
0	Long Term Creditors	14	(9,371)
(2,095)	Long Term Provisions	19	(2,500)
(93,167)	Long Term Borrowing	14	(92,887)
(3,664,826)	Other Long Term Liabilities	14	(4,246,863)
(3,760,088)	**Long Term Liabilities**		**(4,351,621)**
(3,611,214)	**Net Assets**		**(4,162,127)**
42,795	Usable Reserves	20	58,728
(3,654,009)	Unusable Reserves	21	(4,220,855)
(3,611,214)	**Total Reserves**		**(4,162,127)**

The Balance Sheet shows the value as at 31 March 2013 of the assets and liabilities recognised by the Police and Crime Commissioner and Group. As there is no distinction between the Police and Crime Commissioner and Group movements there is no separate statement for the Police and Crime Commissioner.

Cash Flow Statement for the Police and Crime Commissioner for West Yorkshire and the Group

2011/12 Restated £000		2012/13 £000
230,396	Net (surplus) or deficit on the provision of services	180,696
(254,301)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(202,710)
(2,266)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities.	(1,184)
(26,171)	**Net Cash flows from Operating Activities (Note 22)**	**(23,198)**
31,796	Investing Activities (Note 23)	3,608
(6,969)	Financing Activities (Note 24)	28,428
(1,344)	**Net Increase or decrease in cash and cash equivalents**	**8,838**
(2,437)	Cash and cash equivalents at the beginning of the reporting period	(3,781)
(3,781)	**Cash and cash equivalents at the end of the reporting period (Note 17)**	**5,057**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Police and Crime and Commissioner and Group during the reporting period. As there is no distinction between the Police and Crime Commissioner and Group movements there is no separate statement for the Police and Crime Commissioner.

NOTES TO THE ACCOUNTS

1 EXPLANATION OF ADJUSTMENTS FROM A PREVIOUS PERIOD

The Statement of Accounts for 2011/12 had been prepared following the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

Collection Fund

The Collection Fund balance has been restated to reflect 2 Local Authorities who restated their 1st April 2012 Balance Sheets for Debtors and Creditors. This affects the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, Balance Sheet, Cash Flow Statement, Notes 11, 18 and 22, all of which have been marked as restated where relevant.

Regional Income and Expenditure

The Comprehensive Income and Expenditure Statement for the comparative 2011/12 Gross Expenditure and Gross Income has been adjusted to exclude the Regional expenditure and income that is not WYPCC's in accordance with the Code. As the Gross Expenditure and Gross Income nets to nil the overall effect on the Net Cost of Policing Services is nil.

Police National Legal Database (PNLD)

The Police National Legal Database (PNLD) accounts were previously presented as a memorandum statement. This is now consolidated into the Group accounts and appears in the Comprehensive Income and Expenditure Statement under National Policing.

2 ACCOUNTING POLICIES

2.1 General

The Police and Crime Commissioner for West Yorkshire (WYPCC) is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 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 2012/13 (the Code) on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Accounts and Audit Regulations 2011 and the Service Reporting Code of Practice for Local Authorities 2012/13 (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.

2.2 Convention

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

2.3 Transfer of Functions from West Yorkshire Police Authority

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

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

Both bodies are required to prepare a separate Statement of Accounts. 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 2013. The term ‘Group’ is used to indicate the aggregated transactions and policies of the WYPCC and the WYCC.

The identification of WYPCC 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 transfer from the Police Authority has been accounted for under the merger accounting provisions of the Code, and these financial statements are presented as if the functions had been performed by the Group for the whole of the year ending 31 March 2013. Comparatives presented for the Group are those reported for WYPA for 2011/12. No financial statements are presented for WYPA for any part of 2012/13.

A note has been included in the explanatory foreword which summarises the carrying amount of the assets and liabilities transferred from WYPA to WYPCC on 22 November 2012.

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

2.4 Accounting Principles

Balance Sheet

On 22 November 2012, the assets, liabilities and reserves of WYPA were transferred directly to WYPCC and statutory and local arrangements and practice determine that the WYPCC continues to hold and maintain direct control of all the assets, liabilities and reserves at the balance sheet date, and is also responsible for the police pension liability.

All payments for the Group are made by WYPCC from the WYPCC Police Fund and all income and funding is received by WYPCC. WYPCC has the responsibility for managing the financial relationships with third parties and has legal responsibilities for discharging the contractual terms and conditions of suppliers.

Based on the statutory powers and responsibilities as designated by the Act, and the local agreements and practice in place, and taking account of the guidance included in the Code, it has been determined that all the assets, liabilities and reserves are recognised on the WYPCC Balance Sheet.

Comprehensive Income and Expenditure Statement (CIES)

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

Based on the statutory powers and responsibilities as designated by the Act, and the local agreements and practice in place, and taking account of the guidance included in the Code, it has been determined that expenditure related to the Cost of Police Services is shown in the WYCC CIES, funded by an equal and opposite credit from the WYPCC. All income and funding and expenditure directly controlled by the WYPCC (which is largely that expenditure which occurs below Cost of Police Services in the Group CIES) is shown in the WYPCC Single Entity CIES.

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

Intra-Group Charges

WYPCC makes charges to WYCC:

- for the use of Long Term Assets, equivalent to the debits made to the WYPCC CIES for the impairment, depreciation, amortisation and revaluation of the assets
- for the current service cost of providing retirement benefits to employees

WYCC makes charges to WYPCC:

- for the cost of policing services

These charges are eliminated in the Group accounts.

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

The Code requires adoption of amendments to *IFRS 7 Financial Instruments: Disclosures* with effect from 1 April 2012. These amendments are designed to allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. Further detail of WYPCC's Financial Instruments Policies can be found at 2.21 below.

2.6 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

2.7 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.

With effect from 6 August 2012, the WYPA and subsequently the WYPCC became responsible for the provision of the National Police Air Service, acting as the Lead Local Policing Body. This is being rolled out across England and Wales on a phased basis.

This has been formalised under a collaboration agreement as opposed to forming a separate entity.

WYPCC has acquired the airframes which belonged to the various former Police Authorities and subsequently PCCs, in return for a long term capital rebate payment spread over the remaining useful life of any acquired assets. Under the arrangement it has been agreed that the useful economic life of an aircraft should be estimated as 15 years, as opposed to the ten years previously used. This has resulted in a change of depreciation policy.

Regional working is now accounted for as set out in accounting policy 2.20. In previous years transactions had been shown gross rather than reflecting West Yorkshire's share of the Region.

2.8 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 WYPCC, since the cash paid in year is be the share of cash collected from council tax payers. This is does not affect the overall financial position.

2.9 Acquisitions and Discontinued Operations

WYPCC acts as the Lead Local Policing Body, responsible for the provision of the National Police Air Service. This has been undertaken under a collaboration agreement as opposed to forming a separate entity. WYPCC has acquired the airframes which belonged to the various former Police Authorities and subsequently PCCs, in return for a long term capital rebate payment. Other PCCs buy in their air services from West Yorkshire and are charged accordingly.

In the first year this is identified as an acquired operation.

The Group recognises on its Balance Sheet the assets that are in the WYPCC's ownership, and these are shown at the carrying value at the date of transfer. Income and Expenditure incurred in the running of the whole NPAS operation is shown in the WYPCC's Comprehensive Income and Expenditure Statement, the net impact being West Yorkshire's contribution to the running of the service. Any residual year end surplus or deficit is carried as a debtor or creditor on the balance sheet.

2.10 Exceptional Items

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

2.11 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.

2.12 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.

2.13 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.

2.14 Carbon Reduction Commitment Scheme

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

2.15 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 May 2013 as part of the closedown process. The treatment of reserves and provisions within the accounts is in line with this policy.

2.16 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 is received.

Amounts recognised as due to WYPCC 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.

2.17 Employee Benefits

2.17.1 Benefits Payable during Employment

Short-term employee benefits are those due to be settled 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 WYPCC or WYCC.

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 benefits are charged to revenue in the financial year in which the holiday absence occurs.

2.17.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision to terminate an employee’s employment before the normal retirement date, or an employee’s decision to accept voluntary redundancy. They 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 when there is demonstrable commitment to the termination of the employment of an employee or group of employees or making an offer to encourage voluntary redundancy.

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.

2.17.3 Post Employment Benefits

Employees of the group participate in three different pension schemes:

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

Police Pension Scheme (NPPS).

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

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

- The attributable liabilities of each scheme are measured on an actuarial basis using the projected unit method, that is, an assessment of the future payments that is made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of projected earnings for current employees;
- Scheme liabilities are discounted at the rate which reflects the time value of money and the characteristics of the liability;
- The attributable assets of the LGPS are measured at fair value. This is based on the following:
    1. Quoted securities – by current bid price;
    2. Unquoted securities – by professional estimate;
    3. unitised securities – by current bid price;
    4. property – at market value;
- As unfunded schemes, the police pension schemes have no assets.

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

- 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 arising from current year decisions 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.
- Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid, debited to Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- Expected return on assets – the annual investment return on the LGPS fund assets attributable to the Group, based on an average of the expected long term return, credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- 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; and
- 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 appropriations 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.

2.17.4 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.

2.18 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply of service in accordance with the costing principles of the Service Reporting Code of Practice for Local Authorities 2012/13 (SeRCOP). The total absorption costing principle is used. The full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – the costs of the Office of the Police and Crime Commissioner.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two categories are accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

2.19 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 fair 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.

2.20 Interests in Companies and Other Entities

2.20.1. Parent and Subsidiary

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

2.20.2 Jointly controlled Operations – Regional Working

The Group engages in collaborative working in partnership with the Yorkshire and Humber PCCs / Forces to deliver a number of specific services on a regional basis. The activities are undertaken under the joint control of the regional PCCs. The administration of activities is via the Regional Programme Team with the financial administration of regional budgets being led by WYPCC.

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

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

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

2.21 Principal and Agent

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

Within West Yorkshire the WYPCC 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 WYPCC has been awarded as part of the funding agreement.

Where the WYPCC 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.

2.22 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.

2.22.1 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.

2.22.2 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 fair value. If there is no market-based evidence of fair 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. Where a large asset, for example, a building, includes a number of components with significantly different asset lives, the components are treated as separate assets. In respect of materiality, the Group has determined a componentisation de-minimis level of £100,000 or 10% of the asset value, whichever is the lower.

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.

2.22.3 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.

2.22.4 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.

2.22.5 Depreciation

Depreciation is provided on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amount over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use i.e. assets under construction.

Depreciation is calculated on the following bases:

- Buildings (excluding land) – straight line allocation over the life of the property as estimated by the valuer. Where a large asset, for example, a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives;
- Vehicles – straight line method over 4 years;
- IT (including intangible fixed assets) and other equipment – straight line method over 5 years.
- Helicopter (West Yorkshire) – straight line allocation over 10 years;
- Helicopter (NPAS Transferred) – straight line allocation over 15 years.

Buildings are brought onto the asset register in the year they become operational. Construction costs are included in the asset register as “assets under construction” until the property is completed, when a transfer is made into “land and buildings”. Assets taken into use during the year are re-valued upon transfer to the asset register. A full year’s depreciation is charged in the year of acquisition or completion.

For the helicopter, vehicles and IT and other equipment, a full year’s depreciation is charged in the year of acquisition.

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.

2.22.6 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.

2.22.7 Donated Assets

A number of airframes were received by WYPCC as part of the creation of the National Police Air Services led by West Yorkshire, and these are treated as donated assets.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the relevant service line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account.

Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the Police Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

2.22.8 Heritage Assets

The Group holds a small number heritage assets that are on loan to a museum. These assets are not disclosed in the financial statements as they are of a low value.

2.22.9 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. WYPCC is deemed to control the services that are provided under PFI schemes, and ownership of the property, plant and equipment passes to the WYPCC at the end of the contract for no additional charge.

The former Police Authority approved a contract with a PFI provider (Interserve) in May 2012. The schemes outlined in the contract are still under construction, and as such are not shown yet in the financial statements. Details of the scheme are however disclosed in the notes to the accounts.

2.22.10 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.

2.22.11 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.

2.23 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 WYPCC at the end of the lease period.

The WYPCC 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.

The Group as Lessor

The Group does not have any assets acquired under finance leases or operating leases that have been subsequently sub-let to third parties.

The Group has not granted a finance lease over any of its assets.

2.24 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.

2.25 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 a material error. Changes in accounting estimates are accounted for prospectively, ie 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.

2.26 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.

2.27 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.

2.27.1 Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the WYPCC 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 WYPCC 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 of the 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.

2.27.2 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. Loans and receivables are recognised in the Balance Sheet when the

WYPCC 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.

Icelandic Banks

The WYPCC Chief Finance Officer is authorised to agree a forward fix of exchange rates with the WYPCC's Bankers for the receipt of foreign currencies.

This authorisation only extends to the purposes of receiving distributions in foreign currencies from the Winding-Up Boards of Icelandic Banks and only in circumstances where the WYPCC Chief Finance Officer in her professional judgement determines that it is financially beneficial for the WYPCC to agree forward rates.

Available for sale assets

These are assets that have a quoted market price and/or do not have fixed or determinable payments. The WYPCC does not hold any available for sale assets.

2.27.3 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 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 WYPCC's cash management.

2.27.4 Foreign Currency Translation

The WYPCC has entered into transactions denominated in a foreign currency, underpinned by a Euro bank account. Foreign currency transactions are converted into Sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year end they are re-converted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Account.

2.28 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.

2.29 Donated Inventory

WYPCC received donated inventory as part of the creation of the National Police Air Service led by West Yorkshire, mainly in the form of fuel and spare parts for aircraft.

Where inventories are acquired through a non-exchange transaction their cost is defined as their fair value at the date of acquisition. This is recognised in the Donated Inventories Account until the inventory is distributed or sold.

2.30 Long Term Contracts

Long term contracts are accounted for on the basis of charging the surplus or deficit on the Provision of Services with the value of works and service received under the contract during the financial year.

2.31 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 (eg 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.

2.32 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.

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

For 2012/13 the following accounting policy changes that need to be reported relate to:

- Amendments to IAS1: Presentation of financial statements (other comprehensive income, June 2011)
- Amendments to IFRS7: Financial Instruments: Disclosures (offsetting financial assets and liabilities, December 2011)
- Amendments to IAS12 Income Taxes (deferred tax: recovery of underlying assets, December 2010);
- Amendments to IAS19: Employee Benefits (June 2011); and,
- IFRS13 Fair Value Measurement (May 2011).

3 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

The accounting standard and interpretation that have been issued but have yet to be adopted by the European Union are detailed within Accounting Policy 2.33. They are not expected to impact on the Group's Financial Statements.

4 ASSUMPTIONS MADE ABOUT THE 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 2013 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 £0.78m 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 for Police Officers would result in a decrease in the pension liability of £3,999.3m. For Police Staff, a 0.5% increase in the discount rate assumptions would result in a decrease in the pension liability of £58m. However, the assumptions interact in complex ways. During 2012/13, the Group's actuaries for Police Staff advised that the net pension liability for funded LGPS benefits had decreased by £0.53 as a result of estimates being corrected as a result of experience and increased by £22.32m attributable to updating of the assumptions.

5 MATERIAL ITEMS OF INCOME AND EXPENSE

During 2012/13, the Group recognised income in the form of Donated Assets and Donated Inventories following the formation of the National Police Air Service (NPAS) for which West Yorkshire is the lead. Details of these can be found within Note 33 and Note 15.

6 EVENTS AFTER THE BALANCE SHEET DATE

The financial statements were authorised for issue by the Chief Finance Officer on 16th September 2013. All events relevant to the financial year ended 31 March 2013 have been taken into consideration up to this date and where material recognised in the Statement of Accounts. There can be no reasonable expectation that events after this date could have been taken into account by the Police and Crime Commissioner and Group.

7 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Police and Crime Commissioner and Group in the year in accordance with the proper accounting practice to the resources that are specified by statutory provisions as being available to meet future capital and revenue expenditure.

	Usable Reserves				Unusable Reserves						
The following adjustments are for 2012/13	**Police Fund Balance**	**Capital Receipts Reserve**	**Capital Grants Unapplied**	**Movement in Usable Reserves**	**Revaluation Reserve**	**Capital Adjustment Account**	**Financial Instruments Adjustment Account**	**Collection Fund Adjustment Account**	**Pensions Reserve**	**Accumulated Absences Fund**	**Movement in Unusable Reserves**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Capital Adjustment Account:											
Reversal of items debited or credited to the CIES:											
Charges for depreciation and impairment of non-current assets	(15,984)			**(15,984)**		15,984					**15,984**
Amortisation of intangible assets	(812)			**(812)**		812					**812**
Impairments	(9,843)			**(9,843)**	607	9,236					**9,843**
Amount written out of Revaluation Reserve on disposal				**0**	1,755	(1,755)					**0**
Capital grants and contributions applied	5,752		(76)	**5,676**		(5,676)					**(5,676)**
Capital grants and contributions applied NPAS	9,371			**9,371**		(9,371)					**(9,371)**
Donated Assets NPAS	11,826			**11,826**		(11,826)					**(11,826)**
Amounts written off to the CIES on disposal	(1,926)			**(1,926)**		1,926					**1,926**
Insertion of items not debited or credited to the CIES											
Statutory provision for the financing of capital investment	4,672			**4,672**		(4,672)					**(4,672)**
Capital expenditure charged against the Police Fund	7,293			**7,293**		(7,293)					**(7,293)**
Capital Receipts Reserve:											
Cash sale proceeds credited as part of the gain/loss on disposal to the CIES	2,170	(2,170)		**0**							**0**
Use of the Capital Receipts Reserve to finance new capital expenditure		2,170		**2,170**		(2,170)					**(2,170)**
Financial Instruments Adjustment Account:											
Finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(11)			**(11)**			11				**11**
Pensions Reserve Adjustments:											
Reversal of items debited or credited to the CIES (see Note 36)	(273,578)			**(273,578)**					273,578		**273,578**
Employer's pensions contributions	60,798			**60,798**					(60,798)		**(60,798)**
Collection Fund Adjustment Account:											
Council tax income credited to the CIES is different from council tax income calculated for the year	1,505			**1,505**				(1,505)			**(1,505)**
Accumulated Absences Adjustment Account:											
Officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year	2,214			**2,214**						(2,214)	**(2,214)**
Total Adjustments	**(196,553)**	**0**	**(76)**	**(196,629)**	**2,362**	**(14,805)**	**11**	**(1,505)**	**212,780**	**(2,214)**	**196,629**

The following adjustments are for 2011/12	Usable Reserves				Unusable Reserves						
	Police Fund Balance	**Capital Receipts Reserve**	**Capital Grants Unapplied**	**Movement in Usable Reserves**	**Revaluation Reserve**	**Capital Adjustment Account**	**Financial Instruments Adjustment Account**	**Collection Fund Adjustment Account**	**Pensions Reserve**	**Accumulated Absences Fund**	**Movement in Unusable Reserves**
Restated	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Capital Adjustment Account:											
Reversal of items debited or credited to the CIES:											
Charges for depreciation and impairment of non-current assets	(17,413)			**(17,413)**		17,413					**17,413**
Amortisation of intangible assets	(814)			**(814)**		814					**814**
Impairments	(11,099)			**(11,099)**	1,108	9,991					**11,099**
Amount written out of Revaluation Reserve on disposal				**0**	237	(237)					**0**
Capital grants and contributions applied	5,311		142	**5,453**		(5,453)					**(5,453)**
Amounts written off to the CIES on disposal	(706)			**(706)**		706					**706**
Insertion of items not debited or credited to the CIES											
Statutory provision for the financing of capital investment	4,048			**4,048**		(4,048)					**(4,048)**
Capital expenditure charged against the Police Fund	4,117			**4,117**		(4,117)					**(4,117)**
Capital Receipts Reserve:											
Cash sale proceeds credited as part of the gain/loss on disposal to the CIES	677	(677)		**0**							**0**
Use of the Capital Receipts Reserve to finance new capital expenditure		677		**677**		(677)					**(677)**
Financial Instruments Adjustment Account:											
Finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(12)			**(12)**			12				**12**
Pensions Reserve Adjustments:											
Reversal of items debited or credited to the CIES (see Note 36)	(281,292)			**(281,292)**					281,292		**281,292**
Employer's pensions contributions	58,571			**58,571**					(58,571)		**(58,571)**
Collection Fund Adjustment Account:											
Council tax income credited to the CIES is different from council tax income calculated for the year	(1,391)			**(1,391)**				1,391			**1,391**
Accumulated Absences Adjustment Account:											
Officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year	(1,642)			**(1,642)**						1,642	**1,642**
Total Adjustments	**(241,645)**	**0**	**142**	**(241,503)**	**1,345**	**14,392**	**12**	**1,391**	**222,721**	**1,642**	**241,503**

8 TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside 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 Police Fund expenditure in 2012/13.

	Balance at 1 April 2011 £000	Transfer Out 2011/12 £000	Transfer In 2011/12 £000	Balance at 31 March 2012 £000	Transfer Out 2012/13 £000	Transfer In 2012/13 £000	Balance at 31 March 2013 £000
Devolvement Reserve	1,197	0	1,177	2,374	(2,000)	4,117	4,491
VIPER Reserve	3,014	0	390	3,404	(1,000)	433	2,837
PFI Reserve	223	0	48	271	0	3,200	3,471
Regional Working Reserve	395	(148)	0	246	(58)	131	319
Body Armour Reserve	1,660	0	0	1,660	(1,660)	0	0
Dilapidation Reserve	0	0	3,000	3,000	0	0	3,000
Capital Financing Reserve	0	0	0	0	0	1,935	1,935
PNLD Reserve	0	0	0	0	0	492	492
Total	**6,489**	**(148)**	**4,615**	**10,956**	**(4,718)**	**10,308**	**16,546**

9 OTHER OPERATING EXPENDITURE

2011/12 £000		2012/13 £000
(26)	Secondments	(34)
29	(Gains) / losses on the disposal of non-current assets	(244)
49,636	Police Pension Top up Grant	54,938
49,639	**Total**	**54,660**

10 FINANCING AND INVESTING INCOME AND EXPENDITURE

2011/12 £000		2012/13 £000
4,262	Interest payable and similar charges	4,152
180,944	Pensions interest cost and expected return on pensions assets	178,341
(1,319)	Interest receivable and similar income	(798)
67	Exchange rate loss on financial investment	47
(129)	Other investment (income) / expenditure	52
183,825	**Total**	**181,794**

11 TAXATION AND NON SPECIFIC GRANT INCOME

2011/12 Restated £000		2012/13 £000
	Council tax income:	
(18,770)	Bradford Metropolitan District Council	(19,850)
(8,577)	Calderdale Council	(8,820)
(16,138)	Kirklees Council	(17,155)
(31,106)	Leeds City Council	(31,260)
(13,275)	Wakefield Metropolitan District Council	(13,414)
(115,256)	Non domestic rates	(140,693)
(277,916)	Non-ringfenced government grants	(236,980)
(5,311)	Capital grants and contributions	(5,752)
0	Capital grants and contributions NPAS	(9,371)
0	Donated Assets NPAS	(11,826)
(486,349)	**Total**	**(495,121)**

12 PROPERTY, PLANT AND EQUIPMENT

Movements in 2012/13	Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Assets Under Construction £'000	NPAS Helicopters £'000	NPAS Equipment £'000	Total Property, Plant and Equipment £'000
Cost or Valuation						
At 1 April 2012	**154,354**	**114,938**	**10,327**	**0**	**0**	**279,619**
Additions	6,080	6,539	292	20,337	2,921	36,169
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(474)	0	0	0	0	(474)
Revaluation increases/(decreases) recognised in the CIES	(1,195)	0	0	0	0	(1,195)
De-recognition - disposals	(1,927)	(2,203)	0	0	0	(4,130)
Assets reclassified (to)/from Held for Sale	(5,308)	0	0	0	0	(5,308)
Assets reclassified from Assets Under Construction	6,864	0	(6,864)	0	0	0
At 31 March 2013	**158,394**	**119,274**	**3,755**	**20,337**	**2,921**	**304,681**
Accumulated Depreciation and Impairment						
At 1 April 2012	**(23,363)**	**(99,020)**	**0**	**0**	**0**	**(122,383)**
Depreciation charge	(5,253)	(9,741)	0	(810)	(180)	(15,984)
Depreciation written out to the Revaluation Reserve	4,012	0	0	0	0	4,012
Impairment losses/(reversals) recognised in the CIES	(7,144)	(1,504)	0	0	0	(8,648)
Downward revaluation taken to Revaluation Reserve	(4,498)	0	0	0	0	(4,498)
De-recognition - disposals	1,927	2,203	0	0	0	4,130
At 31 March 2013	**(34,319)**	**(108,062)**	**0**	**(810)**	**(180)**	**(143,371)**
Net Book Value						
At 31 March 2013	**124,075**	**11,212**	**3,755**	**19,527**	**2,741**	**161,310**
At 31 March 2012	**130,991**	**15,918**	**10,327**	**0**	**0**	**157,236**

Comparator Year: Movements in 2011/12	Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Assets Under Construction £'000	NPAS Assets £'000	NPAS Equipment £'000	Total property, Plant and Equipment £'000
Cost or Valuation						
At 1 April 2011	**141,848**	**111,356**	**14,315**	**0**	**0**	**267,519**
Additions	4,405	6,329	11,804	0	0	22,538
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,085	0	0	0	0	2,085
Revaluation increases/(decreases) recognised in the CIES	(6,487)	0	0	0	0	(6,487)
De-recognition - disposals	0	(2,747)	0	0	0	(2,747)
Assets reclassified (to)/from Held for Sale	(3,289)	0	0	0	0	(3,289)
Assets reclassified from Assets Under Construction	15,792	0	(15,792)	0	0	0
At 31 March 2012	**154,354**	**114,938**	**10,327**	**0**	**0**	**279,619**
Accumulated Depreciation and Impairment						
At 1 April 2011	**(11,136)**	**(89,221)**	**0**	**0**	**0**	**(100,357)**
Depreciation charge	(5,299)	(12,114)	0	0	0	(17,413)
Depreciation written out to the Revaluation Reserve	3,897	0	0	0	0	3,897
Impairment losses/(reversals) recognised in the CIES	(4,231)	(382)	0	0	0	(4,613)
Downward revaluation taken to Revaluation Reserve	(6,594)	0	0	0	0	(6,594)
De-recognition - disposals	0	2,697	0	0	0	2,697
At 31 March 2012	**(23,363)**	**(99,020)**	**0**	**0**	**0**	**(122,383)**
Net Book Value						
At 31 March 2012	**130,991**	**15,918**	**10,327**	**0**	**0**	**157,236**
At 31 March 2011	**130,712**	**22,135**	**14,315**	**0**	**0**	**167,162**

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.
  (West Yorkshire does not join the NPAS service until 2013/14. The West Yorkshire helicopter is depreciated over 10 years during 2012/13 and will change to 15 years from 1 April 2013.

CAPITAL COMMITMENT

- At 31 March 2013, the Group had entered into a PFI contract for the construction of an operational property. Further details can be found within Note 35.

REVALUATIONS

The Group carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair 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 helicopter 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 fair values are:

- for operational land and buildings fair value is interpreted as the amount that would be paid for the asset in its existing use. This requirement is met by providing a valuation on the basis of existing use value in accordance with valuation standards or where it is significantly different, market value (that is, the value having regard to alternative use);
- for non-operational land and buildings fair value is market value taking account of any alternative uses.

Valuations were carried on 31 March 2013 as follows:

Properties:
By RICS Qualified external valuers from DTZ Debenham Tie Leung, Leeds in accordance with CIPFA's IFRS Code of Practice 2012/13. Land and Buildings were valued as at 31 March 2013, with a total value of £11.7m. The previous valuation of these properties was £10.6m.

Vehicles:
By the Force Fleet Policy and Liaison Manager

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

	Land and Buildings £'000	Assets Under Constructions £'000	Vehicles, Plant, Furniture & Equipment £'000	NPAS Assets £'000	Total property, Plant and Equipment £'000
Carried at historical cost	**4,686**	**3,755**	**11,212**	**22,268**	**41,921**
Valued at fair value as at:					
31 March 2013	11,651				11,651
31 March 2012	60,770				60,770
31 March 2011	36,259				36,259
31 March 2010	10,709				10,709
Total Cost or Valuation	**124,075**	**3,755**	**11,212**	**22,268**	**161,310**

STATEMENT OF PHYSICAL ASSETS

	31 March 2013	31 March 2012
Estates:		
Police stations	43	44
Other premises	57	60
Houses	13	13
	113	117
Vehicles	1,286	1,295
Helicopters	13	1

ASSETS HELD FOR SALE

	Current		Non-Current	
	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
Balance outstanding at start of year	**2,634**	**0**	**0**	**0**
Assets newly classified as held for sale:				
Property, Plant and Equipment	5,308	3,289	0	0
Revaluation gain	0	0	0	0
Assets declassified as held for sale:				
Assets sold	(1,926)	(655)	0	0
Balance outstanding at year-end	**6,016**	**2,634**	**0**	**0**

13 INTANGIBLE ASSETS

The 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 Group. The useful lives assigned to the major software suites used by the Group are:

	Other Assets
3 years	MOBILE DATA

Mobile data is aimed at increasing the frontline visibility of operational officers.

The carrying amount of intangible assets is amortised on a straight line basis. The amortisation of £0.812m charged to revenue in 2012/13 was absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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

	2012/13		2011/12	
	Other Assets £000	Total £000	Other Assets £000	Total £000
Balance at start of the year				
- Gross carrying amounts	7,350	**7,350**	5,815	**5,815**
- Accumulated amortisation	(4,884)	**(4,884)**	(4,071)	**(4,071)**
Net carrying amount at start of year	2,466	**2,466**	1,744	**1,744**
Additions:				
- Purchases	168	**168**	1,535	**1,535**
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	0	**0**	1	**1**
Amortisation for the Period	(812)	**(812)**	(814)	**(814)**
Net carrying amount at the end of year	**1,822**	**1,822**	**2,466**	**2,466**
Comprising:				
- Gross Carrying amounts	**7,518**	**7,518**	**7,350**	**7,350**
- Accumulated amortisation	**(5,696)**	**(5,696)**	**(4,884)**	**(4,884)**
	1,822	**1,822**	**2,466**	**2,466**

14 FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

	Long-Term		Current	
	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000
Investments				
Loans and receivables	8,786	6,162	38,944	38,756
Cash equivalents	0	0	9,437	958
Total Investments	**8,786**	**6,162**	**48,381**	**39,714**
Debtors				
Financial assets carried at contract amounts	0	0	4,536	27,886
Loans and receivables	0	0	0	0
Total Debtors	**0**	**0**	**4,536**	**27,886**
Borrowings				
Financial liabilities at amortised cost	(93,167)	(92,887)	(32,375)	(8,380)
Bank Overdraft	0	0	(5,727)	(6,079)
Total Borrowings	**(93,167)**	**(92,887)**	**(38,102)**	**(14,459)**
Other Long Term Liabilities				
Pension Liability	(3,664,826)	(4,246,863)	0	0
Total Other Long Term Liabilities	**(3,664,826)**	**(4,246,863)**	**0**	**0**
Creditors				
Financial liabilities carried at contract amount	0	0	(1,288)	(1,081)
Total Creditors	**0**	**0**	**(1,288)**	**(1,081)**

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:

	2012/13			2011/12		
	Financial Liabilities measured at amortised cost	Financial Assets: Loans and receivables	Total	Financial Liabilities measured at amortised cost	Financial Assets: Loans and receivables	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense	4,140	0	4,140	4,239	0	4,239
Impairment losses (gain)	0	52	52	0	(129)	(129)
Exchange rate loss on investment	0	47	47	0	67	67
Fee expense	12	0	12	23	0	23
Total expense in Surplus or Deficit on the Provision of Services	**4,152**	**99**	**4,251**	**4,262**	**(62)**	**4,200**
Interest income	0	(589)	(589)	0	(1,023)	(1,023)
Interest income accrued on impaired financial assets	0	(209)	(209)	0	(296)	(296)
Total income in Surplus or Deficit on the Provision of Services	**0**	**(798)**	**(798)**	**0**	**(1,319)**	**(1,319)**
Net gain/(loss) for the year	**4,152**	**(699)**	**3,453**	**4,262**	**(1,381)**	**2,881**

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 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 2013		31 March 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
PWLB debt	86,137	109,242	86,399	98,793
Non-PWLB debt	15,130	14,471	39,144	38,102
Total debt	**101,267**	**123,713**	**125,543**	**136,895**
Trade creditors	1,081	1,081	1,288	1,288
Total Financial Liabilities	**102,348**	**124,794**	**126,831**	**138,183**

The fair value is greater than the carrying amount because the 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 2013		31 March 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Money market loans < 1 year	38,756	38,259	38,944	38,263
Money market loans > 1 year	6,162	4,986	8,786	7,012
Total loans and receivables	**44,918**	**43,245**	**47,730**	**45,275**
Trade debtors	27,886	27,886	4,536	4,536
Total loans and receivables	**72,804**	**71,131**	**52,266**	**49,811**

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.

15 INVENTORIES

The value of inventories for both the Police and Crime Commissioner and Group is shown below.

2012/13	Opening Balance	Purchases	Expense in Year	Write Offs	Closing Balance
	£000	£000	£000	£000	£000
Clothing	667	2,516	(2,403)	0	780
Police Support Unit	234	67	(119)	0	182
Printers	1	0	0	(1)	0
Fuel	128	3,154	(3,185)	0	97
IT	98	214	(207)	0	105
Other	171	1,588	(1,536)	0	223
NPAS Spare Parts	0	1,033	(529)	0	504
NPAS Fuel	0	377	(332)	0	45
	1,299	8,949	(8,311)	(1)	1,936

2011/12	Opening Balance	Purchases	Expense in Year	Write Offs	Closing Balance
Restated	£000	£000	£000	£000	£000
Clothing	721	1,092	(1,146)	0	667
Police Support Unit	270	135	(171)	0	234
Printers	107	0	(104)	(2)	1
Fuel	100	3,498	(3,470)	0	128
IT	40	203	(145)	0	98
Other	161	1,692	(1,682)	0	171
NPAS Spare Parts	0	0	0	0	0
NPAS Fuel	0	0	0	0	0
	1,399	6,620	(6,718)	(2)	1,299

Included within 2012/13 NPAS Spare Parts are £0.5m Donated Inventories.

16 DEBTORS

	31 March 2013 £000	31 March 2012 £000
Central government bodies	29,323	27,551
Other local authorities	6,650	5,706
NHS bodies	80	61
Other entities and individuals - current	8,007	3,443
Total current debtors	**44,060**	**36,761**
Long term debtors	9,371	0
Total debtors	**53,431**	**36,761**

17 CASH AND CASH EQUIVALENTS

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

31 March 2012 £000		31 March 2013 £000
71	Cash held by the Group	64
9,437	Short-term deposits with banks	958
9,508	**Total**	**1,022**
(5,727)	Bank current accounts	(6,079)
3,781	**Total Cash and Cash Equivalents**	**(5,057)**

18 CREDITORS

	31 March 2013 £000	31 March 2012 Restated £000
Central government bodies	10,051	11,465
Other local authorities	3,972	6,368
NHS bodies	33	112
Public corporations and trading funds	556	299
Other entities and individuals	48,593	49,133
Total current creditors	**63,205**	**67,377**
Long term creditors	9,371	0
Total creditors	**72,576**	**67,377**

19 PROVISIONS

	Outstanding Legal Cases £000	Injury and Damage Compensation Claims £000	Insurance £000	Other Provisions £000	Total £000
Balance at 1 April 2012	1,821	369	2,205	981	**5,376**
2012/13	959	1,881	653	0	**3,493**
Amounts used in 2012/13	(811)	(1,590)	(374)	(801)	**(3,576)**
Balance at 31 March 2013	**1,969**	**660**	**2,484**	**180**	**5,293**

	Outstanding Legal Cases £000	Injury and Damage Compensation Claims £000	Insurance £000	Other Provisions £000	Total £000
Balance at 1 April 2011	852	373	1,841	0	**3,066**
2011/12	1,567	966	771	981	**4,285**
Amounts used in 2011/12	(598)	(970)	(407)	0	**(1,975)**
Balance at 31 March 2012	**1,821**	**369**	**2,205**	**981**	**5,376**

Outstanding Legal Cases
The amount provided of £1.969m in respect of outstanding legal claims is made up of £0.593m for employment tribunals and £0.991m for litigated insurance claims, and £0.385m for other legal cases.

Injury Compensation Claims
All of the injury compensation claims are individually insignificant. They relate to personal injury sustained where the Group is alleged to be at fault. Provision is made for those claims where it is deemed probable that the Group will have to make a settlement, based on past experience of court decisions about liability and the amount of damages payable. All outstanding claims are expected to be settled by 2013/14. The Group may be reimbursed by its insurers, but until claims are actually settled no income is recognised.

Insurance Provision
The 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 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. A recent Supreme Court judgement makes it more unlikely that a solvent run-off will be achieved and as a result 25% of the potential liability was provided for in 2011/12.

Other Provisions
Additional provisions that the Group held during the period to which the accounts relate are:

Carbon Reduction Commitment
The Group's participation in the Carbon Reduction Commitment Scheme is described in accounting policy 2.14. A provision has been included within the accounts and charged to the Comprehensive Income and Expenditure Statement

20 USABLE RESERVES

Movements in usable reserves are detailed in the Movement in Reserves Statement and Note 7.

31 March 2012 £000		31 March 2013 £000
30,665	General Fund Balance	40,932
1,174	Capital Grants Unapplied Account	1,250
	Earmarked Reserves:	
2,374	Devolvement Reserve	4,491
3,404	Viper Reserve	2,837
271	PFI Reserve	3,471
246	Regional Working Reserve	319
1,660	Body Armour Reserve	0
3,000	Dilapidations Reserve	3,000
0	Capital Financing Reserve	1,935
0	PNLD Reserve	492
42,795	**Total Usable Reserves**	**58,728**

21 UNUSABLE RESERVES

The reserves of the 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 2012 Restated £000		31 March 2013 £000
43,130	Revaluation Reserve	39,808
(448)	Capital Adjustment Account	14,357
(285)	Financial Instruments Adjustment Account	(296)
(1,109)	Collection Fund Adjustment Account	396
(3,664,826)	Pensions Reserve	(4,246,863)
(30,471)	Accumulated Absences Adjustment Account	(28,257)
(3,654,009)	**Total Unusable Reserves**	**(4,220,855)**

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.

2011/12 £000	**Revaluation Reserve**	2012/13 £000
45,088	**Balance at 1 April**	**43,130**
2,085	Upward revaluation of assets	0
(6,594)	Downward revaluation of assets	(4,972)
3,896	Depreciation written out on revaluation	4,012
(613)	**Surplus on revaluation of non-current assets not charged to the Surplus/Deficit on the Provision of Services**	**(960)**
(237)	Amount written off on disposal	(1,755)
(1,108)	Difference between fair value depreciation and historical cost depreciation	(607)
(1,345)	**Amount written off to the Capital Adjustment Account**	**(2,362)**
43,130	**Balance at 31 March**	**39,808**

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

2011/12 £000	Capital Adjustment Account	2012/13 £000
13,944	**Balance at 1 April**	**(448)**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(28,512)	Charges for depreciation and impairment of non-current assets	(25,827)
(814)	Amortisation of intangible assets	(812)
(706)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(1,926)
(30,032)		**(28,565)**
1,345	Adjusting amounts written out of the Revaluation Reserve	2,362
(28,687)	**Net written out amount of the cost of non-current assets consumed in the year**	**(26,203)**
	Capital financing applied in the year:	
677	Use of the Capital Receipts Reserve to finance new capital expenditure	2,170
5,311	Capital grants and contributions credited to the CIES that have been applied to capital financing	5,752
0	Capital grants and contributions credited to the CIES that have been applied to capital financing NPAS	9,371
142	Application of grants to capital financing from the Capital Grants Unapplied Account	(76)
0	Donated NPAS Assets	11,826
4,048	Statutory provision for the financing of capital investment charged against the Police Fund	4,672
4,117	Capital expenditure charged against the Police Fund Balance	7,293
14,295		**41,008**
(448)	**Balance at 31 March**	**14,357**

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 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 2053/54.

2011/12 £000		Financial Instruments Adjustment Account	2012/13 £000	
(1,792)		Premiums on repayment of loans	(1,625)	
1,519		Discounts on repayment of loans	1,340	
	(273)	**Balance at 1 April**		**(285)**
		Movement during the year:		
167		Premiums amortised to Police Fund during year	167	
(179)		Discounts amortised to Police Fund during year	(178)	
	(12)	**Premium and discount movement 2010/11**		**(11)**
	(12)	**Amount by which finance costs charged to the CIESe different from finance costs chargeable in the year in accordance with statutory requirements**		**(11)**
(1,625)		Premiums on loans c/fwd	(1,458)	
1,340		Discounts on loans c/fwd	1,162	
	(285)	**Total premium and discount c/fwd**		(296)
	(285)	**Balance at 31 March**		**(296)**

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.

2011/12 Restated £000	Collection Fund Adjustment Account	2012/13 £000
282	**Balance at 1 April**	**(1,109)**
(1,391)	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	1,505
(1,109)	**Balance at 31 March**	**396**

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 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 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 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.

2011/12 £000	Pensions Reserve	2012/13 £000
(3,426,899)	**Balance at 1 April**	**(3,664,826)**
(15,206)	Actuarial gains or losses on pensions assets and liabilities	(369,257)
(281,292)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(273,578)
58,571	Employer's pensions contributions and direct payments to pensioners payable in the year	60,798
(3,664,826)	**Balance at 31 March**	**(4,246,863)**

Accumulated Absences Adjustment Account

The Accumulated Absences Adjustment Account represents the value of the future obligation of the 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.

£000		£000
(28,829)	**Balance at 1 April**	**(30,471)**
28,829	Settlement or cancellation of accrual made at the end of the preceding year	30,471
(30,471)	Amounts accrued at the end of the current year	(28,257)
(1,642)	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	2,214
(30,471)	**Balance at 31 March**	**(28,257)**

22 CASH FLOW STATEMENT - OPERATING ACTIVITIES

2011/12 Restated £000		2012/13 £000
(230,396)	**Surplus / (Deficit) for the year**	**(180,696)**
814	Amortisation of intangible fixed assets	812
28,509	Depreciation and impairment of fixed assets	25,827
(5,311)	Capital & Grant Contribution	(5,752)
0	Capital & Grant Contribution NPAS	(9,371)
0	Donated Assets NPAS	(11,826)
222,721	Pensions	212,780
2,310	Provisions set aside in year	(82)
100	(Increase) / decrease in stock	(133)
3,924	(Increase) / decrease in debtors	4,959
528	Increase / (Decrease) in creditors	(16,430)
706	Carrying amount of non-current asset sold	1,926
(677)	Proceeds from sale of property, plant & equipment	(2,170)
4,262	Interest paid	4,152
(1,319)	Interest received	(798)
26,171	**Net cash flows from operating activities**	**23,198**

23 CASH FLOW STATEMENT - INVESTING ACTIVITIES

2011/12 £000		2012/13 £000
24,074	Purchase of property, plant and equipment, investment property and intangible assets	36,336
76,694	Purchase of short-term and long-term investments	170,704
(677)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,170)
(61,665)	Proceeds from short-term and long-term investments	(173,515)
(5,311)	Capital Grants	(5,752)
0	Capital Grants NPAS	(9,371)
0	Donated Assets NPAS	(11,826)
(1,319)	Interest received	(798)
31,796	**Net cash flows from investing activities**	**3,608**

24 CASH FLOW STATEMENT - FINANCING ACTIVITIES

2011/12 £000		2012/13 £000
(202,810)	Cash receipts of short- and long-term borrowing	(103,208)
191,579	Repayments of short- and long-term borrowing	127,484
4,262	Other payments for financing activities	4,152
(6,969)	**Net cash flows from financing activities**	**28,428**

25 AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice (SeRCOP). However, decisions about resource allocation are taken by the Senior Management on the basis of budget reports analysed in a different way. These reports are also prepared on a different basis from the accounting policies used in the Financial Statements. In particular:

- no charges are made in relation to capital expenditure (where depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charges to services in the Comprehensive Income and Expenditure Statement);
- the cost of retirement benefits is based on cash flow (payment of employer's pensions contributions) rather than current service cost of benefit accrued in the year
- expenditure on some support services is budgeted for centrally and not allocated out;
- no charge is made in relation to accumulated absences (where the accrual for the employee benefits liability is held within the Accumulated Absences Adjustment Account and charged to services in the Comprehensive Income and Expenditure Statement).

The budget reports are presented in line with Senior Management portfolios as follows:

These represent the Senior Management portfolios in place for the majority of 2012/13. However, these do change periodically and the budget reports are amended accordingly.

Income and Expenditure 2012/13	ACC Local Policing £000	ACC Corporate Services £000	ACC Operational Support £000	ACO Specialist Crime £000	ACC Finance & Business Services £000	DCC Deputy Chief Constable £000	TOTAL £000
Fees, charges & Other Service Income	(10,766)	(734)	(4,645)	(25,035)	(3,278)	(8,273)	**(52,731)**
Total Income	**(10,766)**	**(734)**	**(4,645)**	**(25,035)**	**(3,278)**	**(8,273)**	**(52,731)**
Employee Expenses	243,611	7,353	53,198	48,943	13,382	9,133	**375,620**
Other Service Expenses	13,363	650	14,072	9,383	26,973	11,387	**75,828**
Support Service Recharges	171	2	24	30	2	19	**248**
Total Expenditure	**257,145**	**8,005**	**67,294**	**58,356**	**40,357**	**20,539**	**451,696**
Net Expenditure	**246,379**	**7,271**	**62,649**	**33,321**	**37,079**	**12,266**	**398,965**

Income and Expenditure 2011/12	ACC Local Policing £000	ACC Corporate Services £000	ACC Operational Support £000	ACO Specialist Crime £000	ACC Finance & Business Services £000	DCC Deputy Chief Constable £000	TOTAL £000
Fees, charges & Other Service Income	(9,899)	(1,063)	(6,675)	(24,766)	(6,733)	(12)	**(49,148)**
Total Income	**(9,899)**	**(1,063)**	**(6,675)**	**(24,766)**	**(6,733)**	**(12)**	**(49,148)**
Employee Expenses	246,716	13,709	59,278	56,839	14,468	2,249	**393,259**
Other Service Expenses	13,156	1,496	16,945	9,624	34,304	437	**75,962**
Support Service Recharges	187	14	39	37	7	0	**284**
Total Expenditure	**260,059**	**15,219**	**76,262**	**66,500**	**48,779**	**2,686**	**469,505**
Net Expenditure	**250,160**	**14,156**	**69,587**	**41,734**	**42,046**	**2,674**	**420,357**

Reconciliation of Senior Management Portfolio Income and Expenditure to Cost of Service in the Comprehensive Income and Expenditure Statement

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

	2012/13 £000	2011/12 Restated £000
Net expenditure in the ACC analysis	**398,965**	**420,357**
Net Expenditure of Services and Support Services not included in the analysis	(4,050)	(412)
Amounts in the CIES not reported to management in the Analysis	120,440	133,295
Amounts included in the Analysis not included in the CIES	(75,992)	(69,960)
Cost of Services in CIES	**439,363**	**483,279**

Reconciliation to Subjective Analysis

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

2012/13	ACC Analysis £000	Support Service not in Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in CIES £000	Total £000
Fees, charges & other service income	(52,731)	(26,242)	0	34	**(78,939)**
Interest and investment income	0	0	0	600	**600**
Total Income	**(52,731)**	**(26,242)**	**0**	**634**	**(78,339)**
Employee Expenses	375,620	6,574	(2,214)	0	**379,980**
Other Service Expenses	75,828	15,618	(984)	301	**90,763**
Support Service Recharges	248	0	0	0	**248**
Depreciation, Amortisation & Impairment	0	0	26,640	0	**26,640**
Interest Payments	0	0	0	(4,152)	**(4,152)**
Capital Financing	0	0	0	(11,977)	**(11,977)**
IAS 19 Adjustments	0	0	95,237	(60,798)	**34,439**
OPCC	0	0	1,761	0	**1,761**
Total Expenditure	**451,696**	**22,192**	**120,440**	**(76,626)**	**517,702**
Surplus or deficit on the provision of service	**398,965**	**(4,050)**	**120,440**	**(75,992)**	**439,363**

2011/12	ACC Analysis £000	Support Service not in Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in CIES £000	Total £000
Fees, charges & other service income	(49,148)	(26,496)	0	26	**(75,618)**
Interest and investment income	0	0	0	1,035	**1,035**
Total Income	**(49,148)**	**(26,496)**	**0**	**1,061**	**(74,583)**
Employee Expenses	393,259	5,691	1,643	0	**400,593**
Other Service Expenses	75,962	20,393	300	0	**96,655**
Support Service Recharges	284	0	0	0	**284**
Depreciation, Amortisation & Impairment	0	0	29,323	0	**29,323**
Interest Payments	0	0	0	(4,262)	**(4,262)**
Capital Financing	0	0	0	(8,187)	**(8,187)**
IAS 19 Adjustments	0	0	100,348	(58,571)	**41,777**
Police Authority	0	0	1,681	0	**1,681**
Total Expenditure	**469,505**	**26,084**	**133,295**	**(71,020)**	**557,864**
Surplus or deficit on the provision of service	**420,357**	**(412)**	**133,295**	**(69,959)**	**483,281**

26 AGENCY SERVICES

These are levies towards the cost of Forensic Services, Automatic Fingerprint Recognition and DNA Testing.

	2012/13 £000	2011/12 £000
Forensic Services, Automatic Fingerprint Recognition and DNA	3,992	4,280
Net Cost arising on the agency arrangement	**3,992**	**4,280**

27 MEMBERS' ALLOWANCES

The Group paid the following amounts to members of the former Authority during the year.

	2012/13 £000	2011/12 £000
Allowances	162	249
Expenses	11	12
Total	**172**	**261**

28 OFFICERS' REMUNERATION AND EXIT PACKAGES

The remuneration paid to the Group's employees is as follows:

2012/13		Salary, Fees and Allowances £	Bonuses £	Pension Contribution £	Total £
Police and Crime Commissioner	22.11.12-31.03.13	36,757	0	3,906	40,663
John Parkinson Temporary Chief Constable	24.10.12-31.03.13	71,924	0	2,527	74,451
Sir Norman Bettison Chief Constable	01.04.12-24.10.12	158,843	0	0	158,843
Temporary Deputy Chief Constable	01.11.12-31.03.13	53,376	0	1,992	55,368
Deputy Chief Constable	16.04.12-23.10.12	73,982	0	17,055	91,037
Assistant Chief Constable (Specialist Crime)	01.11.12-31.03.13	46,965	0	10,734	57,699
	01.04.12-31.10.12	64,029	0	14,942	78,971
Assistant Chief Constable (Local Policing)	01.04.12-31.03.13	102,025	0	23,420	125,445
Assistant Chief Constable (Corporate Services)	01.04.12-30.09.12	51,124	0	11,344	62,468
Assistant Chief Constable (Specialist Operations and NPAS)	01.10.12-31.03.13	47,747	0	11,344	59,091
Assistant Chief Constable (Operational Support)	15.10.12-31.03.13	48,465	0	10,490	58,955
Assistant Chief Constable (Workforce Development and Standards)	23.04.12-31.03.13	94,984	0	20,733	115,717
	01.04.12-15.04.12	4,562	0	1,067	5,629
Assistant Chief Officer (Finance & Business Services)	01.04.12-31.03.13	104,009	0	11,071	115,080
Chief Executive and Solicitor	01.04.12-31.03.13	118,431	0	12,608	131,039
Chief Finance Officer PCC (formerly Treasurer)	01.04.12-31.03.13	85,554	0	9,224	94,778

2011/12		Salary, Fees and Allowances £	Bonuses £	Pension Contribution £	Total £
Sir Norman Bettison (Chief Constable)	01.04.11-31.03.12	225,085	0	0	225,085
Deputy Chief Constable	01.04.11-31.03.12	141,391	0	32,275	173,666
Assistant Chief Constable (Specialist Crime)	01.04.11-31.03.12	112,170	0	25,615	137,785
Assistant Chief Constable (Local Policing)	01.04.11-31.03.12	98,390	0	22,839	121,229
Assistant Chief Constable (Operational Support)	01.04.11-29.08.11	45,962	0	10,535	56,497
Assistant Chief Constable (Operational Support)	26.08.11-31.03.12	59,991	0	13,910	73,901
Assistant Chief Constable (Corporate Services)	01.04.11-31.03.12	118,362	0	26,850	145,212
Assistant Chief Officer (Finance & Business Services)	01.04.11-31.03.12	100,589	0	11,071	111,660
Chief Executive and Solicitor	01.04.11-31.03.12	117,762	0	12,608	130,370
Chief Finance Officer PCC (formerly Treasurer)	01.04.11-31.03.12	84,909	0	9,224	94,133

The Group's employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) are detailed in the table below and includes 427 officers below the rank of Chief Superintendant.

Remuneration Band	Number of Employees	
	2012/13	2011/12
£50,000 - £54,999	232	250
£55,000 - £59,999	162	163
£60,000 - £64,999	26	21
£65,000 - £69,999	4	10
£70,000 - £74,999	10	11
£75,000 - £79,999	9	14
£80,000 - £84,999	16	14
£85,000 - £89,999	9	8
£90,000 - £94,999	4	7

Remuneration Band	Number of Employees	
	2012/13	2011/12
£95,000 - £99,999	4	1
£100,000 - £104,999	2	2
£105,000 - £109,999	1	0
£110,000 - £114,999	1	1
£115,000 - £119,999	1	2
£125,000 - £129,999	1	1
£140,000 - £144,999	0	1
£155,000 - £159,999	2	0
£225,000 - £229,999	0	1

The Group has paid a number of exit packages to employees which have been charged to the Cost of Services within the Comprehensive Income and Expenditure Statement.

Exit Packages	Compulsory Redundancies 2012/13	Other Departures 2012/13	Total 2012/13
2012/2013	£	£	£
£0 - £20,000	23,573	301,427	325,000
£20,001 - £40,000	58,010	597,192	655,202
	81,583	898,619	980,202
2011/2012	£	£	£
£0 - £20,000	251,270	1,069,025	1,320,295
£20,001 - £40,000	41,838	586,742	628,580
£40,001 - £60,000	83,548	444,187	527,735
£60,001 - £80,000	0	75,657	75,657
£80,001 - £100,000	0	182,390	182,390
	376,656	2,358,001	2,734,657

Exit Packages	Compulsory Redundancies 2012/13	Other Departures 2012/13	Total 2012/13
2012/2013	No	No	No
£0 - £20,000	3	24	27
£20,001 - £40,000	2	16	18
	5	40	45
2011/2012	No	No	No
£0 - £20,000	24	105	129
£20,001 - £40,000	2	21	23
£40,001 - £60,000	2	9	11
£60,001 - £80,000	0	1	1
£80,001 - £100,000	0	2	2
	28	138	166

The Group terminated the contracts of a number of employees in 2012/13, incurring liabilities of £0.6m (£1.8m in 2011/12). Severance payments totalling £0.052m were identified as being due in the early part of 2013/14 and were accrued in the Comprehensive Income and Expenditure Statement.

29 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.

	2012/13 £000	2011/12 £000 Restated
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor for the year	0	96
Fees payable to KPMG with regard to external audit services fot the Police and Crime Commissioner	62	0
Fees payable to KPMG with regard to external audit services fot the Chief Constable	30	0
Fees payable in respect of other services provided by the Audit Commission during the year	0	0
Total	**92**	**96**

30 GRANT INCOME

The Group credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2012/13

	2012/13 £000	2011/12 Restated £000
Credited to Taxation and Non Specific Grant Income		
Precept	90,499	87,866
Principal Grant	179,315	192,654
National Non Domestic Rates	140,693	115,256
Revenue Support Grant	2,727	35,626
Pensions Top Up Grant	54,938	49,636
Capital Grants	5,752	5,311
Capital Grants NPAS	9,371	0
Donated Assets NPAS	11,825	0
Total	**495,120**	**486,349**
Credited to Services		
Counter Terrorist Unit	23,228	23,153
Loan Charges Grant	532	562
Police Community Support Officers	14,935	14,225
Home Office Drug Testing	1,623	1,709
Incentivisation	2,207	1,921
Precept Freeze Grant	2,713	2,226
Other	1,482	2,196
Total	**46,720**	**45,992**

31 RELATED PARTIES

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

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

Relationship with Central Government Departments and other Public Bodies.

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

Other Local Authorities (including Other Police Bodies)

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

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

The former Police Authority received £0.3m to tackle youth crime and substance misuse in the West Yorkshire which was transferred to support Local Youth Offending Teams in each Local Authority area.

Key Management

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

Former Police Authority members had control over the Group's financial and operating policies up until 22 November 2012. Members' allowances are disclosed in Note 27.

The former Police Authority was a member of the Association of Police Authorities (APA). Members and senior officers engaged with the APA on Authority business, and the Chair of the Police Authority was also the Chair of the APA. As a result of the Police and Crime Commissioner elections the subscription was terminated with no charge arising in the 2012/13 financial year (2011/12 £38k).

The Police and Crime Commissioner has subsequently become a member of the Association of Police and Crime Commissioners (APCC), the annual subscription being due in the 2013/14 financial year. During 2012/13 £60 was paid to the APCC for conference fees.

The former Chief Constable was, and Police and Crime Commissioner is, a trustee of the West Yorkshire Police Community Trust which is involved in the reduction of crime through community initiatives. Donations of £0.1m were made to the Trust during 2012/13 (£0.06m in 2011/12).

Senior officers are members of the Association of Chief Police Officers (ACPO) and engage with ACPO on force business. The Assistant Chief Officer, Finance and Business Services, was a Director during 2012/13 but has since resigned. The former Chief Constable was also a director of ACPO. During 2012/13 the Group incurred subscriptions and other costs of £0.089m (2011/12 £0.259m). There were no balances owing to the company at the year end (£0.002m owing in 2011/12).

Remuneration of Senior Management is disclosed in the Remuneration Report.

Transactions with Pension Schemes are set out in Note 36.

Additionally, the Group purchased the services of, or made donation to, organisations in which members or senior officers had positions on the governing body. These included:

	Expenditure 2012/13 (000s)	**Amount outstanding 31.3.13 (000s)**	**Expenditure 2011/12 (000s)**	**Amount outstanding 31.3.12 (000s)**
Wakefield and District Housing	29	0	0	0
Castleford Heritage Trust	3	0	0	0
Castleford Academy	1	0	0	0

In all instances transactions were made with proper consideration of declaration of interest. The relevant members did not take part in any discussion or decision in relation to the transactions. Where appropriate, details of these transactions are recorded in the register of members interests or notification of disclosable interests.

32 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 Group, the expenditure results in an increase in the Capital Financing Requirements (CFR), a measure of the capital expenditure incurred historically by the Group that has yet to be financed. The CFR is analysed in the second part of this note.

	2012/13 £000	**2011/12 £000**
Opening Capital Financing Requirement	**119,653**	**109,874**
Capital investment		
Property, Plant and Equipment	36,167	22,539
Intangible Assets	168	1,535
Sources of finance		
Capital Receipts	(2,170)	(677)
Government grants and other contributions	(5,677)	(5,453)
Government grants and other contributions NPAS	(9,371)	0
Donated Assets NPAS	(11,825)	0
Sums set aside from revenue:		
Financing from Reserves	0	0
Direct revenue contributions	(7,293)	(4,117)
Minimum revenue provision	(4,672)	(4,048)
Closing Capital Financing Requirement (CFR)	**114,980**	**119,653**
Explanation of movements in year		
Increase in underlying need to borrowing (supported)	0	0
Provision for Debt Repayment (MRP)	(4,672)	(4,048)
Increase in underlying need to borrowing (unsupported)	0	13,827
Increase/(decrease) in Capital Financing Requirement (CFR)	**(4,672)**	**9,779**

33 LEASES

Group as Lessee

Finance Leases
The Group has acquired one building under finance leases. The asset acquired under this lease is carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts. The liability for payment of this lease was paid in full at its inception.

	2012/13 £000	2011/12 £000
Other Land and Buildings	3,006	3,194
Total	**3,006**	**3,194**

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

	2012/13 £000	2011/12 £000
No later than one year	2,224	2,509
Later than one year and not later than five years	5,994	6,837
Later than five years	4,263	5,321
Total	**12,481**	**14,667**

34 IMPAIRMENT LOSSES

During 2012/13, the Group has recognised a total impairment loss of £6.168m across a number of properties in its estate largely due to current market conditions.

35 PRIVATE FINANCE INITIATIVES

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.

Buildings
The Police and Crime Commissioner has entered into a 25 year PFI contract for the following 3 premises, which become operational during 2013/14.

- New Wakefield Divisional Headquarters (DHQ) and a new 35 cell custody facility located at Normanton, Wakefield
- New Force Training & Development Centre on a single site at Carr Gate, Wakefield, including firearms training complete with new 50m and 100m ranges, 3-D firearms area, driver training, public order training facilities including extensive method of entry facilities.
- New South Leeds Central DHQ and a new 40 cell custody facility located at Elland Road, Leeds.

The contract provides that the facilities revert to the Police and Crime Commissioner at the end of the contract period. The PCC has control over the future use of the asset for its residual life at the end of the contract.

Benefits
The overarching benefit of the new facilities to WYP is the increase in public confidence and satisfaction through more accessible, welcoming facilities, integrated training facilities, strategic location and training of officers and staff to improve efficiency and service delivery to the public.

The strategic benefits from the schemes are:

- Improved communication and intelligence sharing leading to greater confidence from the victims of crime
- Greater integration with the community including sharing of facilities improving public confidence
- Integration of training disciplines to reflect current operational practices reducing non training time and creating opportunities for a more effective and relevant training experience
- Third party income generation by creating up to date training facilities that encourage other Public Bodies to undertake training in partnership with West Yorkshire Police.

Provision of services
The services included in the contract are as follows:

- Planned, Cyclical and Reactive Maintenance (premises and plant)
- Life cycling of plant and equipment
- Provision of furniture (Office furniture, storage and display equipment)
- Grounds maintenance
- Pest control services
- Sanitary vending
- Security services (Carr Gate and Operational Support Site)
- Cleaning services (Including custody areas)
- Energy management
- Internal waste management

The future unitary charge liabilities are detailed below:

Future Payments under PFI contract	Unitary Payments £000's
Payments due in 2013/14 to 2016/17	37,797
Payments due in 2017/18 to 2021/22	62,219
Payments due in 2022/23 to 2026/27	65,545
Payments due in 2027/28 to 2031/32	69,308
Payments due in 2032/33 to 2036/37	73,565
Payments due in 2037/38 to 2038/39	30,699
Total Future Payments	339,133

An assumed inflation rate of 2.5% and interest rate at 5% have been incorporated.

The facilities created by the Specialist Operational Training and Accommodation Project will be shown as an asset on its balance sheet, together with an appropriate liability to pay for this asset over the life of the contract.

36 DEFINED BENEFIT PENSION SCHEMES

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 that needs to be disclosed at the time that employees earn their future entitlement.

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

The Local Government Pension Scheme for 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 pensions' liabilities with investment assets.

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

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

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

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

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

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

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

Transactions Relating to Post-employment Benefits

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

The cost of retirement benefits is recognised in the Net 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:

The following tables have been expanded to provide more detailed information.

DEFINED BENEFIT PENSION SCHEMES

LOCAL GOVERNMENT PENSION SCHEME

Charges to Comprehensive Income and Expenditure Statement

2011/12				2012/13		
Funded benefits £000s	**Unfunded benefits £000s**	**Total £000s**	*Cost of services*	**Funded benefits £000s**	**Unfunded benefits £000s**	**Total £000s**
16,115	0	16,115	Current service cost	17,820	0	17,820
1,142	0	1,142	Past service cost	360	0	360
			Financing and Investment Income and Expenditure			
23,750	145	23,895	Interest cost	25,063	130	25,193
(25,564)	0	(25,564)	Expected return on assets	(24,431)	0	(24,431)
15,443	**145**	**15,588**	Total charge to Provision of Services	**18,812**	**130**	**18,942**
			Other Comprehensive Income and Expenditure			
64,615	227	64,842	Actuarial gains/(losses)	(5,333)	202	(5,131)
80,058	**372**	**80,430**	Total IAS 19 charge to CIES	**13,479**	**332**	**13,811**

Movement in Reserves Statement

2011/12				2012/13		
Funded benefits £000s	**Unfunded benefits £000s**	**Total £000s**		**Funded benefits £000s**	**Unfunded benefits £000s**	**Total £000s**
(15,443)	(145)	(15,588)	Reverse charge to Provision of Services	(18,812)	(130)	(18,942)
			Amount charged against the Police Fund for pensions in the year:			
11,398	0	11,398	Employer contributions payable to the scheme	10,163	0	10,163
0	192	192	Benefits paid direct to beneficiaries	0	200	200

DEFINED BENEFIT PENSION SCHEMES

POLICE PENSION SCHEME

Charges to Comprehensive Income and Expenditure Statement

2011/12					2012/13			
Old Scheme £000s	**Injury Awards £000s**	**New Scheme £000s**	**Total £000s**	*Cost of services*	**Old Scheme £000s**	**Injury Awards £000s**	**New Scheme £000s**	**Total £000s**
70,591	3,682	8,818	83,091	Current service cost	64,912	3,522	8,623	77,057
0	0	0	0	Past service cost	0	0	0	0
				Financing and Investment Income and Expenditure				
172,230	7,446	2,937	182,613	Interest cost	166,881	7,231	3,467	177,579
0	0	0	0	Expected return on assets	0	0	0	0
242,821	**11,128**	**11,755**	**265,704**	Total charge to Provision of Services	**231,793**	**10,753**	**12,090**	**254,636**
				Other Comprehensive Income and Expenditure				
(59,302)	0	9,666	(49,636)	Actuarial gains/(losses)	327,710	18,744	27,934	374,388
183,519	**11,128**	**21,421**	**216,068**	Total IAS 19 charge to CIES	**559,503**	**29,497**	**40,024**	**629,024**

Movement in Reserves Statement

2011/12					2012/13			
Old Scheme £000s	**Injury Awards £000s**	**New Scheme £000s**	**Total £000s**		**Old Scheme £000s**	**Injury Awards £000s**	**New Scheme £000s**	**Total £000s**
(242,821)	(11,128)	(11,755)	(265,704)	Reverse charge to Provision of Services	(231,793)	(10,753)	(12,090)	(254,636)
				Amount charged against the Police Fund for pensions in the year:				
36,290	0	6,922	43,212	Employer contributions payable to the scheme	37,852	0	7,062	44,914
0	3,769	0	3,769	Benefits paid direct to beneficiaries	0	5,521	0	5,521

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2013 is a loss of £369.257m.

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

Reconciliation of the present value of the scheme liabilities						
2011/12				2012/13		
Funded benefits £000s	Unfunded benefits £000s	Total £000s	LOCAL GOVERNMENT PENSION SCHEME	Funded benefits £000s	Unfunded benefits £000s	Total £000s
(433,764)	(2,740)	(436,504)	Opening present value of liabilities	(514,785)	(2,920)	(517,705)
(16,115)	0	(16,115)	Current service cost	(17,820)	0	(17,820)
(23,750)	(145)	(23,895)	Interest cost	(25,063)	(130)	(25,193)
(6,179)	0	(6,179)	Contributions by participants	(5,806)	0	(5,806)
(44,997)	(227)	(45,224)	Actuarial gains/(losses) on liabilities	(21,796)	(202)	(21,998)
11,162	192	11,354	Net benefits paid out	9,082	200	9,282
(1,142)	0	(1,142)	Past service cost	(360)	0	(360)
(514,785)	**(2,920)**	**(517,705)**	Closing present value of liabilities	**(576,548)**	**(3,052)**	**(579,600)**

Reconciliation of the present value of the scheme liabilities								
2011/12					2012/13			
Old Scheme £000s	Injury Awards £000s	New Scheme £000s	Total £000s	POLICE PENSION SCHEME	Old Scheme £000s	Injury Awards £000s	New Scheme £000s	Total £000s
(3,143,959)	(135,431)	(47,624)	(3,327,014)	Opening present value of liabilities	(3,291,188)	(142,790)	(62,123)	(3,496,101)
(70,591)	(3,682)	(8,818)	(83,091)	Current service cost	(64,912)	(3,522)	(8,623)	(77,057)
(172,230)	(7,446)	(2,937)	(182,613)	Interest cost	(166,881)	(7,231)	(3,467)	(177,579)
(18,103)	0	(2,719)	(20,822)	Contributions by participants	(19,110)	0	(3,033)	(22,143)
0	0	0	0	Actuarial gains/(losses) on liabilities	(392,784)	(18,744)	(17,797)	(429,325)
113,695	3,769	(25)	117,439	Net benefits paid out	122,036	5,521	(42)	127,515
0	0	0	0	Past service cost	0	0	0	0
(3,291,188)	**(142,790)**	**(62,123)**	**(3,496,101)**	Closing present value of liabilities	**(3,812,839)**	**(166,766)**	**(95,085)**	**(4,074,690)**

Reconciliation of fair value of scheme (plan) assets:

Reconciliation of the present value of the scheme assets						
2011/12				2012/13		
Funded benefits £000s	Unfunded benefits £000s	Total £000s	LOCAL GOVERNMENT PENSION SCHEME	Funded benefits £000s	Unfunded benefits £000s	Total £000s
336,619	0	336,619	Opening fair value of asset	348,980	0	348,980
25,564	0	25,564	Expected return on assets	24,431	0	24,431
(19,618)	0	(19,618)	Actuarial gains/(losses) on assets	27,129	0	27,129
11,398	192	11,590	Contributions by employer	10,163	200	10,363
6,179		6,179	Contributions by participants	5,806		5,806
(11,162)	(192)	(11,354)	Net benefits paid out	(9,082)	(200)	(9,282)
348,980	**0**	**348,980**	Closing fair value of assets	**407,427**	**0**	**407,427**

Reconciliation of the present value of the scheme assets								
2011/12					2012/13			
Old Scheme £000s	Injury Awards £000s	New Scheme £000s	Total £000s	POLICE PENSION SCHEME	Old Scheme £000s	Injury Awards £000s	New Scheme £000s	Total £000s
0	0	0	0	Opening fair value of asset	0	0	0	0
0	0	0	0	Expected return on assets	0	0	0	0
59,302	0	(9,666)	49,636	Actuarial gains/(losses) on assets	65,074	0	(10,137)	54,937
36,290	3,769	6,922	46,981	Contributions by employer	37,852	5,521	7,062	50,435
18,103	0	2,719	20,822	Contributions by participants	19,110	0	3,033	22,143
(113,695)	(3,769)	25	(117,439)	Net benefits paid out	(122,036)	(5,521)	42	(127,515)
0	**0**	**0**	**0**	Closing fair value of assets	**0**	**0**	**0**	**0**

Reconciliation of opening and closing surplus/(deficit)						
2011/12				2012/13		
LGPS	POLICE	TOTAL		LGPS	POLICE	TOTAL
£000s	£000s	£000s		£000s	£000s	£000s
(99,885)	(3,327,014)	(3,426,899)	Opening surplus(deficit)	(168,725)	(3,496,101)	(3,664,826)
(16,115)	(83,091)	(99,206)	Current service cost	(17,820)	(77,057)	(94,877)
11,590	46,981	58,571	Contributions by employer	10,363	50,435	60,798
(1,142)	0	(1,142)	Past service cost	(360)	0	(360)
(23,895)	(182,613)	(206,508)	Interest cost	(25,193)	(177,579)	(202,772)
25,564	0	25,564	Expected return on assets	24,431	0	24,431
0	0	0	Loss on curtailments	0	0	0
(64,842)	49,636	(15,206)	Actuarial gains/(losses)	5,131	(374,388)	(369,257)
(168,725)	**(3,496,101)**	**(3,664,826)**	Closing surplus(deficit)	**(172,173)**	**(4,074,690)**	**(4,246,863)**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields at the Balance Sheet date. Expected returns on equity investments reflect long-term rates of return experienced in the respective markets.

	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000
Present value of liabilities:					
Local Government Pension Scheme	(290,312)	(535,444)	(436,504)	(517,705)	(579,600)
Police Pension Scheme	(2,275,238)	(3,275,951)	(3,327,014)	(3,496,101)	(4,074,690)
Fair value of assets in the Local Government Pension Scheme	212,100	299,850	336,619	348,980	407,427
Surplus/(deficit) in the scheme:	**(2,353,450)**	**(3,511,545)**	**(3,426,899)**	**(3,664,826)**	**(4,246,863)**
Local Government Pension Scheme	(78,212)	(235,594)	(99,885)	(168,725)	(172,173)
Police Pension Scheme	(2,275,238)	(3,275,951)	(3,327,014)	(3,496,101)	(4,074,690)
Total	**(2,353,450)**	**(3,511,545)**	**(3,426,899)**	**(3,664,826)**	**(4,246,863)**

The liabilities show the underlying commitments that the Group has in the long run to pay post-employment retirement benefits. The total deficit of £4,247m has a substantial impact on the net worth of the Group, as recorded in the Balance Sheet, resulting in a negative overall balance of £4,162m. However, statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy:

- the deficit on the Local Government Scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary;
- finance is only required to be raised to cover Police Pensions when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the Group in the year to 31 March 2014 is £10.264m. Expected contributions for the Police Pension Scheme in the year to 31 March 2014 are £43.684m.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme was assessed by AON Hewitt, and the Police Pension scheme by Mercers, both independent firms of actuaries. The most recent full actuarial valuations in respect of both schemes were carried out as at 31 March 2013.

The principal assumptions used by the actuaries have been:

	Local Government Pension Scheme		Police Pension Scheme	
	2012/13	2011/12	2012/13	2011/12
Long-term expected rate of return on assets in the scheme:				
Equity investments	7.8%	8.1%		
Bonds	3.3%	3.4%		
Other	7.8%	8.1%		
Mortality assumptions:				
Longevity at 65(staff), 60(officers) for current pensioners:				
- Men	22.1	22.0	27.4	26.9
- Women	24.3	24.1	29.7	29.1
Longevity at 65(staff), 60(officers) for future pensioners:				
- Men	23.9	23.8	29.4	28.5
- Women	26.2	26.1	31.7	30.8
Rate of inflation RPI	3.7%	3.6%		
Rate of inflation CPI	2.8%	2.6%	2.4%	2.6%
Rate of increase in salaries	4.7%	5.1%	3.9%	4.1%
Rate of increase in pensions	2.8%	2.6%	2.4%	2.6%
Rate for discounting scheme liabilities	4.6%	4.8%	4.4%	5.1%
Take-up of option to convert annual pensions into retirement lump sum	50.0%	60.0%	50.0%	50.0%

The Police Pension Scheme has no assets to cover liabilities. The Local Government Pension Scheme consists of the following categories, by proportion to the total assets held:

	Local Government Pension Scheme	
	31 March 2013 %	31 March 2012 %
Equity investment	70.9	71.1
Government bonds	12.4	12.6
Other bonds	6.0	5.4
Property	3.3	3.6
Cash/liquidity	2.9	2.8
Other	4.5	4.5
Total	**100.0**	**100.0**

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2012/13 can be analysed into the following categories, measured as a percentage of assets or liabilities as 31 March 2013:

	2008/09 %	2009/10 %	2010/11 %	2011/12 %	2012/13 %
Difference between the expected and actual return on assets	(32.3)	21.0	1.7	(5.6)	6.7
Experience gains and losses on liabilities	0.0	0.4	10.7	(0.3)	0.1

37 CONTINGENT LIABILITIES

Regional Working - Employment of Staff
The former Joint Committee of the four police authorities in Yorkshire and the Humber agreed to the adoption of a lead force model to provide managers and staff/officers engaged in regional working with consistent human resources policy and practices. South Yorkshire Police agreed to act as the lead force. Under this arrangement, the Police and Crime Commissioner for South Yorkshire now employs police staff on a permanent, substantive basis and police officers are seconded to South Yorkshire Police. The other local policing bodies within the Yorkshire and Humberside Region indemnify South Yorkshire to ensure that any costs are shared between them in the event of any employment tribunal or civil court claims related to regional employment.

Regional Working – Lease of Premises
Humberside is the lead local policing body and force for the Yorkshire Region on property matters and the Police and Crime Commissioner for Humberside holds an operating lease for property to be used under regional collaborative working. There is agreement within Yorkshire and the Humber to share in the future costs and other obligations relating to the lease.

North East Counter Terrorism Unit – Lease of Premises
The Police and Crime Commissioner holds a lease for premises occupied by the North East Counter Terrorism Unit, which is funded by specific grant from the Home Office. Withdrawal of that funding would result in an ongoing liability which would fall on West Yorkshire until such time as the lease could be terminated.

Special Police Service Charges
Leeds United Football Club were successful in a legal challenge relating to the level of Special Police Services charged for by West Yorkshire Police. An assessment of the amount due to the Club in respect of charges levied since 2009/10 has been paid and is included in the accounts for 2012/13. Final agreement has not yet been reached on costs.

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.

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

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

38 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Key risks

The Group's activities expose it to a variety of financial risks. The key risks are:

- **Credit risk** the possibility that other parties might fail to pay amounts due to the Group;
- **Liquidity risk** the possibility that the Group might not have funds available to meet its commitments to make payments;
- **Re-financing risk** the possibility that the 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 Group as a result of changes in such measures as interest rate movements.

Overall procedures for managing risk

The 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 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 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 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 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 was approved by the former Police Authority 17 February 2012 and is available on the Police and Crime Commissioners website. The key issues within the strategy were:

- The Authorised Limit for the 2012/13 was set at £165m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £127m. 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 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 Chief Finance Officer, supported by a central Treasury Team employed by Wakefield Metropolitan District Council. The 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 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 & Poors 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 full Investment Strategy for 2012/13 was approved by the former Police Authority on 17 February 2012 and is available on the PCC's website.

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 Poors 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 with suitable Sovereign Support; or where wholesale deposits in banks are covered by a rating of AAA (limited to the amount of the government guarantee);
- The 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 3years, with the maximum total amount invested for longer than 364 days limited to £15m (maximum of £10m in the 2-3 year period).

The 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 Group's deposits, but there was no evidence at the 31 March 2013 that this was likely to crystallise other than for the Icelandic Bank investments detailed below.

Icelandic Banks

In October 2008, the Icelandic Banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The Authority had £3 million each deposited in Landsbanki and Heritable, with varying maturity dates and interest rates as follows:

Bank	Date Invested	Maturity Date	**Amount invested £000**	Interest Rate	Carrying Value 31.3.13 £000	**Total Net Impairment £000**
Heritable Bank	11/07/08	12/01/09	**3,000**	6.20%	314	**333**
Landsbanki (incl Escrow)	11/01/08	09/01/09	**3,000**	5.51%	1,432	**75**
Total			**6,000**		1,746	**408**

All monies within these institutions are currently subject to the respective administration and receivership process. The amounts and timing of payments to depositors such as the Group will be determined by the administrators/receivers.

The current situation with regards to recovery of the sums deposited varies between each institution. Based on the latest information available the Group considers that it is appropriate to consider an impairment adjustment for the deposits, and has taken the action outlined below. As the available information is not definitive as to the amounts and timings of future payments to be made by the administrators/receivers, it is likely that further adjustments will be made to the accounts in future years.

Heritable Bank

Heritable Bank is a UK registered bank under English law. The company was placed in administration on 7 October 2008. The current position on actual payments received and estimated future payouts is as shown in the table below and the Group has used these estimates to calculate the impairment based on recovering 84.98p in the pound.

Date	**Repayment %**
Received to date	77.2
July 2013	2.00
January 2014	8.80

Recoveries are expressed as a percentage of the Group's claim in the administration, which includes interest accrued to 6 October 2008.

LBI hf (formerly Landsbanki Islands hf)

Landsbanki Islands hf is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (new Landsbanki) with the management of the affairs of Old Landsbanki being placed in the hands of a resolution committee. The Icelandic Supreme Court decision to grant UK Local Authorities priority status, the winding up board made distributions to creditors in a basket of currencies during February and October 2012.

An element of distribution is in Icelandic Kroner which has been placed in an escrow account in Iceland. Interest on the account has fluctuated between 3.59% and 4.17% during the financial year. This element of the distribution has been retained in Iceland due to currency controls currently operating in Iceland and as a result is subject to exchange rate risk over which the Group has no control.

The current position on estimated future payouts is shown in the table and this Group has used these estimates to calculate the impairment based on a recovery rate of 100 pence in the pound.

Date	Repayment %
Received to date	49.65
December 2013	7.5
December 2014	7.5
December 2015	7.5
December 2016	7.5
December 2017	7.5
December 2018	7.5
December 2018	5.35

Recovery is subject to the following uncertainties and risks:

The impact of exchange rate fluctuations on the value of assets recovered by the resolution committee and on the settlement of the Group's claim, which may be denominated wholly or partly in currencies other than sterling.

Recoveries are expressed as a percentage of the Group's claim in the administration which is expected may validly include interest accrued up to 22 April 2009.

Foreign Exchange Risk

The Group has foreign exchange risk in relation to Icelandic Deposits. The Group has foreign exchange exposure resulting from an element of the settlement received from Landsbanki. This is being held in Icelandic Kroner in an escrow account due to the current imposition of currency controls.

Accounting for Impairment

The total impairment (principal plus interest not received) recognised in the Income and Expenditure Statement in 2012/13, £0.052m, has been calculated by discounting the assumed cash flows at the effective interest rate of the original deposits in order to recognise the anticipated loss of interest to the Group until monies are received.

Adjustments to the assumptions will be made in future accounts as more information becomes available.

Customers

The Group does not generally allow credit for its customers, such that all of the £27.886m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2012 £000	31 March 2013 £000
Less than three months	4,396	27,088
Three to six months	97	423
Six months to one year	2	297
More than one year	41	77
Total	4,536	27,886

The experience of default is illustrated by the debts written off during 2012/13 totalling £0.024m (2011/12 £0.010m).

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

Liquidity Risk

The 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 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 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:

	31 March 2012 £000	31 March 2013 £000
Less than one year	38,944	39,714
Between one and two years	7,412	5,000
Between two and three years	233	0
More than three years	1,141	1,162
Total	47,729	45,876

Refinancing and Maturity risk

The 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 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 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 2012 £000	Actual 31 March 2012 %	Actual 31 March 2013 (carrying Value) £000	Actual 31 March 2013 (carrying Value) %
Less than one year	0	30	32,346	25.77	8,350	8.25
Between one and two years	0	40	280	0.22	5,307	5.24
Between two and five years	0	60	6,015	4.79	1,113	1.10
Between five and ten years	0	80	12,466	9.93	12,706	12.55
More than ten years	0	100	74,435	59.29	73,790	72.87
Total			125,542	100.00	101,266	100.00

Market Risk

Interest rate risk - The Group is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the 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 Group has a number of strategies for managing interest rate risk. The annual Treasury Management Strategy draws together the 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.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£000
Increase in interest payable on variable rate borrowings	0
Decrease in interest receivable on variable rate investments	11
Impact on Surplus or Deficit on the Provision of Service	0
Increase in Government grant receivable for financing costs	11
Decrease in fair value of fixed rate investment assets	284
Impact on Other Comprehensive Income and Expenditure	284
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Service or Other Comprehensive Income and Expenditure)	16,882

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the note – Fair Value of Assets and Liabilities Carried at Amortised Cost.

Other Foreign Exchange Risk
Financial assets worth £0.1m to the group are held in a Euro Bank Account, and are subject to exchange rate risk. Then amount is not considered material and as such exchange rate hedging has not been considered.

Re-classification / De-regulation
There have been no re-classifications, de-regulations or unusual movements of financial instruments, and the Group does not give or receive any collateral in respect of the instruments.

39 OTHER BALANCES

The 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	01.4.12 Balance £'000	Expenditure in Year £'000	Receipts in Year £'000	31.3.13 Balance £'000	Description of Account
Drug Trafficking Offences Act	(908)	139	(216)	(985)	Act empowers Police to retain monies seizes during investigation
Misuse of Drugs Act	(6)	74	(3)	65	Monies forfeited and awarded by court to be used to tackle drug related crime
Income Pending Return to Claimants	(559)	197	(194)	(556)	Cash held for third parties e.g. sudden deaths
Proceeds of Crime Act	(4,685)	3,243	(2,564)	(4,006)	Act empowers Police to seize monies and property during investigations
Police Property Act Fund	(250)	34	(66)	(282)	Proceeds from disposal of property in connection with a criminal offence. The money is then donated to local charities
TOTAL	(6,408)	3,687	(3,043)	(5,764)	

40 REGIONAL COLLABORATION

The impact of Regional Collaboration on the Group's Financial Statements is as follows:

- The Group has made a contribution of £4.7m to support regional working and this is included within Cost of Services in the Comprehensive Income and Expenditure Statement.
- The Group has made a contribution of £0.131m to an earmarked reserve at 31 March 2013. This represents the Group's underspend on its share of the regional budget and will be utilised to support regional working in future years.

NET COST OF POLICE SERVICES	TOTAL REGIONAL INCOME AND EXPENDITURE			WEST YORKSHIRE POLICE'S SHARE FOR REGIONAL INCOME AND EXPENDITURE INCLUDED WITHIN THE NET COST OF SERVICES		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
Road Policing	3,285	(1,676)	1,609	1,359	(37)	1,322
Specialist Operations	641	(307)	334	198	0	198
Intelligence	1,718	(1,714)	4	711	(319)	392
Investigations	4,561	(3,156)	1,405	1,911	(347)	1,564
Investigative Support	2,524	(1,209)	1,315	1,191	0	1,191
	12,729	(8,062)	4,667	5,370	(703)	4,667

WEST YORKSHIRE POLICE

PENSION FUND

STATEMENT

OF

ACCOUNTS 2012/13

WEST YORKSHIRE POLICE

PENSION FUND ACCOUNT STATEMENTS

2011/12 £'000		2012/13 £'000
	CONTRIBUTIONS RECEIVABLE	
(46,980)	Employer's Contributions	(44,914)
(600)	Early Retirements (Ill Health)	(1,435)
(20,822)	Officers' Contributions	(22,143)
	TRANSFERS IN	
(124)	Individual Transfers In from Other Schemes	(215)
(455)	Other – Inter Force Adjustments 1966 and 1974 Reorganisations	35
(68,981)	**TOTAL INCOME RECEIVABLE**	**(68,672)**
	BENEFITS PAYABLE	
88,811	Pensions	95,977
28,139	Commutations and Lump Sum Retirement Benefits	25,347
0	Lump Sum Death Benefits	260
	PAYMENTS TO AND ON ACCOUNT OF LEAVERS	
55	Refunds of Contributions	3
1,613	Individual Transfers Out to Other Schemes	2,023
118,618	**TOTAL EXPENDITURE PAYABLE**	**123,610**
49,636	NET AMOUNT PAYABLE FOR THE YEAR	54,938
(49,636)	ADDITIONAL CONTRIBUTION FROM EMPLOYER	(54,938)
0		0

Notes to the Pension Fund Account

2011/12 £'000		NET ASSETS STATEMENT	2012/13 £'000
0	-	Contributions Due From Employer	0
0	-	Unpaid Pension Benefits	0
0	-	Amount Owing From the Police Fund	0
0			0

The Police Pension Scheme in England and Wales

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

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

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

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

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

The Net Asset Statement does not include liabilities to pay pensions and other benefits after the balance sheet date, see disclosure Note 36 of the Core Statements about the IAS19 liability.

YORKSHIRE AND

THE HUMBER

REGIONAL COLLABORATION

STATEMENT

OF

ACCOUNTS 2012/13

EXPLANATORY FOREWORD TO THE STATEMENT OF ACCOUNTS

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

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

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

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

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

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

If less that 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 as a Joint Arrangement not an Entity, which means that the following are included within the Group's Financial Statements:

- The contribution made by the Group to regional working
- The assets contributed to regional working by the Group

Accounts are provided for the Regional Collaboration Programme by West Yorkshire, and the expenditure and income charged to the accounts is in accordance with the Financial Regulations and Standing Orders of West Yorkshire Police and Crime Commissioner and Group.

YORKSHIRE AND HUMBER REGIONAL COLLABORATION

REVENUE ACCOUNT FOR THE PERIOD

1 APRIL 2012 TO 31 MARCH 2013

2011/12 £000		2012/13 £000	2012/13 £000
	EXPENDITURE		
6,367	Staff Costs	8,957	
379	Property Related Expenses	502	
1,418	Supplies and Services	2,725	
729	Transport Related Expenses	545	
8,893			12,729
	INCOME		
1,239	Other Income	1,663	
7,712	Contributions	11,197	
8,951			12,860
58	**(DEFICIT)/SURPLUS IN YEAR**		131

Regional Collaboration – Assets Employed

No depreciation or impairment charges have been charged to the Regional Collaboration Income and Expenditure Account. The depreciation and impairment is recorded in West Yorkshire's accounts.

NPAS

STATEMENT

OF

ACCOUNTS 2012/13

EXPLANATORY FOREWORD TO THE STATEMENT OF ACCOUNTS

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

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

The NPAS service is being rolled out across the country on a phased basis which commenced in October 2012. It is anticipated that the full roll out will be complete by January 2014.

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

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

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

NPAS

REVENUE ACCOUNT FOR THE PERIOD

1 APRIL 2012 TO 31 MARCH 2013

	2012/13 £000	£000
EXPENDITURE		
Staff Costs	1,557	
General Running Costs	1,915	
Supplies and Services	76	
Transport Related Expenses	2,516	
		6,064
INCOME		
Contributions	5,776	
		5,776
(DEFICIT)/SURPLUS IN YEAR		(288)

Movement in Reserves Statement for NPAS

	Police Fund Balance	Total Usable Reserves	Capital Adjustment Account	Total Unusable Reserves	Total NPAS Reserves
	£000	£000	£000	£000	£000
Balance at 1 April 2012	0	**0**	0	**0**	**0**
Movement in Reserves during 2012/13					
Surplus or (deficit) on the provision of services	22,267	**22,267**	0	**0**	**22,267**
Other Comprehensive Income and Expenditure	0	**0**	0	**0**	**0**
Total Comprehensive Income and Expenditure	**22,267**	**22,267**	0	**0**	**22,267**
Adjustments between accounting basis & funding basis under regulations	(22,267)	**(22,267)**	22,267	**22,267**	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	**0**	**0**	**22,267**	**22,267**	**22,267**
Transfers to/from Earmarked Reserves	0	**0**	0	**0**	**0**
Increase/Decrease in 2012/13	0	**0**	22,267	**22,267**	**22,267**
Balance at 31 March 2013 C/fwd	**0**	**0**	**22,267**	**22,267**	**22,267**

	Police Fund Balance	Total Usable Reserves	Capital Adjustment Account	Total Unusable Reserves	Total NPAS Reserves
	£000	£000	£000	£000	£000
Balance at 1 April 2011	0	**0**	0	0	**0**
Movement in Reserves during 2011/12					
Surplus or (deficit) on the provision of services	0	**0**	0	0	**0**
Other Comprehensive Income and Expenditure	0	**0**	0	0	**0**
Total Comprehensive Income and Expenditure	0	**0**	0	0	**0**
Adjustments between accounting basis & funding basis under regulations	0	**0**	0	0	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	0	**0**	0	0	**0**
Transfers to/from Earmarked Reserves	0	**0**	0	0	**0**
Increase/Decrease in 2011/12	0	**0**	0	0	**0**
Balance at 31 March 2012 C/fwd	**0**	**0**	**0**	**0**	**0**

Movement in Reserves Statement for NPAS

	Police Fund Balance	Total Usable Reserves	Capital Adjustment Account	Total Unusable Reserves	Total NPAS Reserves
	£000	£000	£000	£000	£000
Balance at 1 April 2012	0	**0**	0	**0**	**0**
Movement in Reserves during 2012/13					
Surplus or (deficit) on the provision of services	22,267	**22,267**	0	**0**	**22,267**
Other Comprehensive Income and Expenditure	0	**0**	0	**0**	**0**
Total Comprehensive Income and Expenditure	**22,267**	**22,267**	0	**0**	**22,267**
Adjustments between accounting basis & funding basis under regulations	(22,267)	**(22,267)**	22,267	**22,267**	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	**0**	**0**	**22,267**	**22,267**	**22,267**
Transfers to/from Earmarked Reserves	0	**0**	0	**0**	**0**
Increase/Decrease in 2012/13	0	**0**	22,267	**22,267**	**22,267**
Balance at 31 March 2013 C/fwd	**0**	**0**	**22,267**	**22,267**	**22,267**

Comprehensive Income and Expenditure Statement for NPAS

	2012/13		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
National Policing - NPAS	4,704	(5,776)	(1,072)
Cost of Services	**4,705**	**(5,776)**	**(1,071)**
Other operating expenditure			0
Financing and investment income and expenditure			0
Taxation and non-specific grant income			(21,196)
(Surplus) or Deficit on Provision of Services			**(22,267)**
(Surplus) or deficit on revaluation of Property, Plant and Equipment			0
(Surplus) or deficit on revaluation of available for sale financial assets			0
Other Comprehensive Income and Expenditure			**0**
Total Comprehensive Income and Expenditure			**(22,267)**

Balance Sheet for NPAS

	Notes	31 March 2013 £000
Property, Plant & Equipment	3	22,267
Long Term Debtor	9	9,371
Long Term Assets		**31,638**
Inventories	5	549
Donated Inventories		(504)
Current Assets		**45**
Short Term Creditors		(45)
Current Liabilities		**(45)**
Long Term Creditors	9	(9,371)
Other Long Term Liabilities		0
Long Term Liabilities		**(9,371)**
Net Assets		**22,267**
Usable Reserves		0
Unusable Reserves	6	22,267
Total Reserves		**22,267**

Cash Flow Statement for NPAS

	2012/13 £000
Net (surplus) or deficit on the provision of services	(22,267)
Adjustments to net surplus or deficit on the provision of services for non-cash movements	20,206
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities.	0
Net Cash flows from Operating Activities	**(2,061)**
Investing Activities	2,061
Financing Activities	0
Net Increase or decrease in cash and cash equivalents	**(0)**
Cash and cash equivalents at the beginning of the reporting period	0
Cash and cash equivalents at the end of the reporting period	**(0)**

NOTES TO THE ACCOUNTS

1 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION

The following adjustments are for 2012/13	Usable Reserves		Unusable Reserves		
	Police Fund Balance	Movement in Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
Capital Adjustment Account:					
Reversal of items debited or credited to the CIES:					
Charges for depreciation and impairment of non-current assets	(990)	**(990)**	0	990	**990**
Impairments	0	**0**	0	0	**0**
Capital grants and contributions applied NPAS	9,371	**9,371**	0	(9,371)	**(9,371)**
Donated Assets NPAS	11,825	**11,825**	0	(11,825)	**(11,825)**
Amounts written off to the CIES on disposal	0	**0**	0	0	**0**
Insertion of items not debited or credited to the CIES					
Statutory provision for the financing of capital investment	0	**0**	0	0	**0**
Capital expenditure charged against the Police Fund	2,061	**2,061**	0	(2,061)	**(2,061)**
Total Adjustments	**22,267**	**22,267**	**0**	**(22,267)**	**(22,267)**

2 TAXATION AND NON SPECIFIC GRANT INCOME

	2012/13 £000
Council tax income:	
Capital grants and contributions NPAS	(9,371)
Donated Assets NPAS	(11,825)
Total	**(21,196)**

3 PROPERTY PLANT AND EQUIPMENT

Movements in 2012/13	NPAS Helicopters £'000	NPAS Equipment £'000	Total Property, Plant and Equipment £'000
Cost or Valuation			
At 1 April 2012	**0**	**0**	**0**
Additions	20,336	2,921	23,257
De-recognition - disposals	0	0	0
At 31 March 2013	**20,336**	**2,921**	**23,257**
Accumulated Depreciation and Impairment			
At 1 April 2012	**0**	**0**	**0**
Depreciation charge	(810)	(180)	(990)
Impairment losses/(reversals) recognised in the CIES	0	0	0
De-recognition - disposals	0	0	0
At 31 March 2013	**(810)**	**(180)**	**(990)**
Net Book Value			
At 31 March 2013	**19,526**	**2,741**	**22,267**
At 31 March 2012	**0**	**0**	**0**

Statement of Physical Assets:

	31 March 2013
Helicopters	12

4 LEASES

Operating Leases

NPAS has 1 leased property. The future minimum lease payments due in future years are detailed below.

	2012/13 £000
No later than one year	33
Later than one year and not later than five years	116
Later than five years	0
Total	**149**

5 INVENTORIES

2012/13	Opening Balance	Purchases	Expense in Year	Write Offs	Closing Balance
	£000	£000	£000	£000	£000
NPAS Spare Parts	0	504	0	0	504
NPAS Fuel	0	45	0	0	45
	0	549	0	0	549

6 UNUSABLE RESERVES

Capital Adjustment Account - NPAS	**2012/13 £000**
Balance at 1 April	**0**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
Charges for depreciation and impairment of non-current assets	(990)
	(990)
Adjusting amounts written out of the Revaluation Reserve	0
Net written out amount of the cost of non-current assets consumed in the year	**(990)**
Capital financing applied in the year:	
Capital grants and contributions credited to the CIES that have been applied to capital financing	9,371
Donated NPAS Assets	11,825
Capital expenditure charged against the Police Fund Balance	2,061
	23,257
Balance at 31 March	**22,267**

7 NOTES TO THE CASHFLOW STATEMENT

CASH FLOW STATEMENT - OPERATING ACTIVITIES

	2012/13 £000
Surplus / (Deficit) for the year	**22,267**
Depreciation and impairment of fixed assets	990
Capital & Grant Contribution NPAS	(9,371)
Donated Assets NPAS	(11,825)
(Increase) / decrease in stock	(45)
Increase / (Decrease) in creditors	45
Net cash flows from operating activities	**2,061**

CASH FLOW STATEMENT - INVESTING ACTIVITIES

	2012/13 £000
Purchase of property, plant and equipment, investment property and intangible assets	23,257
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0
Capital Grants NPAS	(9,371)
Donated Assets NPAS	(11,825)
Net cash flows from investing activities	**2,061**

8 CAPITAL EXPENDITURE AND CAPITAL FINANCING

	2012/13 £000
Opening Capital Financing Requirement	0
Capital investment	
Property, Plant and Equipment	23,257
Sources of finance	
Capital Receipts	0
Government grants and other contributions NPAS	(9,371)
Donated Assets NPAS	(11,825)
Sums set aside from revenue:	
Direct revenue contributions	(2,061)
Minimum revenue provision	0
Closing Capital Financing Requirement (CFR)	**0**
Explanation of movements in year	
Increase in underlying need to borrowing (supported)	0
Provision for Debt Repayment (MRP)	0
Increase in underlying need to borrowing (unsupported)	0
Increase/(decrease) in Capital Financing Requirement (CFR)	**0**

9 LONG TERM DEBTORS & CREDITORS

LONG TERM DEBTORS

Long term creditor for future receipts to fund the purchase of Airframes from other PCC's	2012/13 £000
Later than one year and not later than five years	4,937
Later than five year and not later than ten years	3,949
Later than ten years	485
Total	**9,371**

LONG TERM CREDITORS

Long term creditor for future payments of Airframes to other PCC's	2012/13 £000
Later than one year and not later than five years	4,937
Later than five year and not later than ten years	3,949
Later than ten years	485
Total	**9,371**

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

On 21 November 2012 the West Yorkshire Police Authority (WYPA) was abolished and replaced by the Police and Crime Commissioner for West Yorkshire (PCC), an elected individual established as a corporation sole. This annual governance statement reflects both the WYPA governance framework and the new governance framework put in place for the PCC for the year ended 31 March 2013, including plans for the financial year 2013/14.

1. SCOPE OF RESPONSIBILITIES

On the abolition of the WYPA, the PCC for West Yorkshire became responsible for ensuring its 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 its affairs and facilitating the exercise of its functions, which includes ensuring 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.

The PCC is currently reviewing the code of corporate governance to ensure it reflects the new governance arrangements. The revised code will be 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.

This statement explains how the PCC has complied with the principles of the code and also meets the requirements of regulation 4 of the Accounts and Audit (England) Regulations 2011 in relation to the publication of an annual governance statement.

In drafting the PCC 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 is directed and controlled and its activities through which it accounts to and engages with the community. It enables the PCC to monitor the achievement of its 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 being realised and the impact should they be realised, 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 PCC's vision of his purpose and intended outcomes for citizens and service users

Under the previous statutory arrangements, a joint WYPA/WYP group developed a longer term vision and strategy which was incorporated into the Policing Plan approved by the full Authority.

The PCC made his commitments for policing clear in his election pledges and has set out further commitments in his Police and Crime Plan 2013-2018 which sets out a strategic vision for policing and crime prevention across West Yorkshire over the next five years. This pays due regard to the Strategic Policing Requirement and was developed in close consultation with the public of West Yorkshire as well as a wide range of key stakeholders and partners. The Partnership Executive Group, which has a membership at strategic level from policing, community safety, the wider criminal justice system, victims and third sector organisations has played a key role in developing this strategic vision and the Police and Crime Panel were rightly consulted on the Plan.

The Police and Crime Plan is based on the PCC's Community Outcome Framework, 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 to sit alongside the Plan.
These were launched by the PCC in each of the five district council areas in early June 2013 with the Chief Constable, who has the responsibility to deliver on these priorities through WYP.

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. The local priorities will also be communicated widely via these same methods.

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

The Authority reviewed its vision, strategic direction and business arrangements annually and agreed any changes to the overall governance framework at its Annual General Meeting. The focus of its final year was on preparation for the introduction of police and crime commissioners, managed through a Transition Board comprised of a wide range of key stakeholders and partners.

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).

A Partnership Conference brought together partners in May 2013 to look at a model for collective delivery and this work is ongoing with partners looking at how best to work together to meet the priorities as set out in the Plan.

There are regular strategic planning days with the Chief Officer to look at how WYP can best deliver on the priorities in the Plan and a project team has been established under the strategic direction of the PCC and the Chief Constable to look at Stage 2 Transfer and how the future employment and direction and control of police staff can best serve the interests of the people of West Yorkshire.

This will all be done in consultation with the Police and Crime Panel.

Monitoring performance against operational, financial and other strategic plans

The WYPA scrutinised the performance of WYP through its various committees and scrutiny groups. Divisional and departmental performance against objectives, targets, budgets, value for money and activity was managed by WYP chief officers on a regular basis, with WYPA involvement via its link member scheme.

The PCC monitors performance and delivery of police and crime plan outcomes at a monthly Accountability Meeting, which comprises all senior leaders in the force. The PCC also holds the Chief Constable to account at a weekly Community Outcomes Meeting, reported publicly via the website.

A performance management framework has been established by the OPCC, which includes monthly and quarterly reporting on indicators, commitments and wider relevant information.

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

WYPA managed a comprehensive survey programme that produced reliable and independent information at a neighbourhood level to assess public satisfaction with policing and understand local priorities and concerns.

This survey has continued under the PCC. For the financial year of 2012/13 15,599 completed questionnaires were received from members of the public, representing a 17% response rate.

In addition to this, the Listening to You First survey was undertaken in December 2012, which looked at local priorities, experiences of being a victim and feelings of safety. 2,176 responses were received and these results fed into the Police and Crime Plan. There are plans to repeat a similar exercise later in the year.

Consultation around feelings of safety and local safety concerns is being undertaken at a wide range of events across West Yorkshire this summer and further ways of monitoring quality of service and perceptions are being developed.

An additional avenue for people to raise issues with the PCC is via a surgery. These were introduced in March 2013 and are still in the early stages of development, with a number of different models being trialled. All models involve giving constituents an appointment with the PCC at one of the pre-advertised monthly surgery dates. Different options for selecting the venue for the surgery have been trialled to date, such as advertising a particular venue and selecting a venue based on where those that have requested an appointment live.

Risk Management Processes

WYPA maintained its own risk register which latterly focussed on the risks associated with transition to the new governance arrangements. It also kept a strategic oversight of risk management arrangements in force through attendance at the Risk Management Group chaired by the Deputy Chief Constable and via reports to its Audit and Risk Committee.

Work is underway to combine the PCC and WYP Risk Management strategy and processes. Although the risk registers will remain separate a consistent approach to the scoring and prioritising of risks will be agreed. One of the key developments will be the increased use of external community focused impact indicators. This will ensure that the PCC's community outcomes are sufficiently reflected in the management of risks.

Defining and documenting the roles and responsibilities of the PCC 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 roles and responsibilities of the WYPA and its committees were clearly defined in individual terms of reference, and included arrangements for challenging and reviewing WYP activity. Resource Standing Orders defined the roles, responsibilities and delegated powers of the Chief Executive, Treasurer, Monitoring Officer and Chief Constable.

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.

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

WYPA members were bound by a code of conduct and the Standards Committee was responsible for ensuring that they were aware of their responsibilities under the code and received guidance on ethical standards and behaviour.

There is an officer code of conduct which was reviewed as part of the preparations for transition to the new governance framework. In line with legislative changes the Monitoring Officer for the PCC is the Chief Executive and Solicitor.

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

The WYPA's decision making processes were clearly defined in standing orders and supporting financial and contract regulations, and these were reviewed on an annual basis to ensure that they remained fit for purpose.

These have now been replaced with the PCC's Scheme of Delegation and Financial regulations, incorporating Contract Standing Orders.

Undertaking the core functions of an Audit Committee

The Authority's Audit and Risk Committee undertook the core functions of an Audit Committee and in line with CIPFA guidance considered issues in relation to internal control, risk management and treasury management, receiving regular reports from internal and external audit.

A Joint Independent Audit Committee has been in place since November 2012, providing 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.

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

The WYPA and now the PCC has a duty to ensure that it acts in accordance with the law and associated regulations. The Monitoring Officer and Chief Finance Officer (formerly Treasurer) 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 legal implications.

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

WYPA monitored the processes for dealing with complaints against police officers and police staff through it Audit and Risk Committee, and had its own complaints procedure in respect of decisions made by the Authority.

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 Chief Executive and the Head of Professional Standards Department or the Independent Police Complaints Commissioner (IPCC). Specific case work or complaint matters are raised in community outcome meetings between the PCC and the Chief Constable. Internal Audit continues to dip-sample complaint files and the PCC is represented on the Independent Advisory Group for the Professional Standards Department.

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

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.

The PCC has made a commitment to observe the provisions of the trade unions' Police Staff Employment Charter.

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 new governance arrangements, including the development of a framework in conjunction with Skills for Justice, using National Occupational Standards and 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.

Members of the joint independent audit committee undertake development on a regular basis appropriate to their role.

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

The Authority had a statutory duty to consult with the public and achieved this through a variety of means, both formal and informal, as set out in its Community Engagement Strategy.

The PCC launched the biggest consultation of its kind 'Listening to You First' in the first week of taking office to properly understand the needs and priorities of all people across West Yorkshire. This was a wide ranging consultation that included a survey sent to existing contacts, community groups and key stakeholders. It was also promoted via media and social media sources, and stakeholders and key local venues (such as community centres) were asked to promote the survey. Since then he has held stakeholder roundtable events in each of the districts and a conference on hate crime.

The PCC intends to build on his web and social media based consultation and will be soon setting 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 PCC's overall governance arrangements

A key strength of the Authority's transition planning was the engagement of a wide range of partners and stakeholders on its Transition Board, and through a number of partnership events which prepared both statutory and voluntary sector organisations for new ways of working post the election of the PCC.

The PCC agreed to continue the good practice by involving a wide range of partners and members of the public in setting his strategic direction. The Listening to You campaign began in December 2012 and was completed prior to publication. The findings from discussions, stakeholder events and survey findings complemented a strategic need analysis to inform the first Police and Crime Plan for West Yorkshire which was published at the end of March 2013.

The PCC has maintained the strength of the Transition Board which has continued to meet and has evolved into a Partnership Executive Group with a membership at strategic level from policing, community safety, the wider criminal justice system, victims and third sector organisations. In moving into the deciding delivery of the Police and Crime Plan a wide range of partners are being consulted. The Partnership Executive Group provides the steer for this.

The Police and Crime Panel for West Yorkshire was established during the summer of 2012 and operated in shadow format until the end of November. Protocols were agreed and were in place soon after the election. The 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
- to agree the appointment of Chief Constable (with the power to veto)
- to agree the precept (with the power to veto)

In the first five months of the Police and Crime Panel, it has agreed the appointment of Chief Constable, held a Confirmation Hearing on the appointment of Deputy Police and Crime

Commissioner, agreed the precept, and reviewed the draft Police and Crime Plan providing supportive feedback in the report to the Police and Crime Commissioner.

Role of the Chief Financial Officer in Local Government

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

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

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

Review of Effectiveness

The WYPA, and now 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 Authority/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.

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

The WYPA and now the PCC has overall responsibility for the discharge of all the powers and duties placed upon it and has a statutory duty 'to maintain an efficient and effective police force'. The review and maintenance of the governance framework was undertaken by the Audit and Risk Committee, referring matters to the full Authority as appropriate. The Joint Independent Audit Committee has now taken on this responsibility and will continue to consider the adequacy of the governance framework, referring matters to the PCC and/or Chief Constable as appropriate.

As part of its transition planning, the Authority and its committees produced a number of legacy reports which set out for the PCC the key issues and risks it had identified through its work. The PCC considered these at any early stage and took action as appropriate to address them. This decision paper is available at http://www.westyorkshire-pcc.gov.uk/your-commissioner/decisions/january-2013.aspx.

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 2012/13 the PCC has placed reliance on this review and the Annual Governance Statement of the WYP.

The WYPA Standards Committee was responsible for promoting and maintaining high standards of conduct by members. It met for the last time in October prior to the election when it agreed its Legacy document to be provided to the PCC.

Complaints against the PCC are now the responsibility of the Police and Crime Panel for West Yorkshire.

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 but with limited assurance in some key areas.

In summary the most significant areas of concern identified by Internal Audit during 2012/13 relate to the following areas:

- Evidential Property
- Litigation Handling Processes
- Information Management

In relation to evidential property, this is an area which has caused concern over a number of years, and was regularly reported upon to the former WYPA Audit and Risk Committee. Internal Audit has been provided with assurances that weaknesses in the system and/or its operation are being addressed through reviews of both divisional and crime property systems within WYP and has included both pro-active and reactive work in this area in the 2013/14 audit plan.

In the Annual Audit Letter for 2011/12, 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.

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

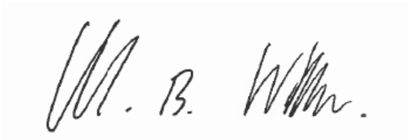
The terms of reference for the review are available at http://www.westyorkshire-pcc.gov.uk/putting-things-right and the final report will also be made publicly available.

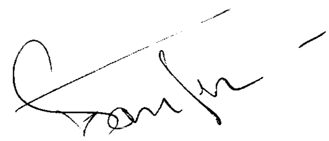
The PCC will ensure that communities are kept fully informed of progress and the impact of the change that takes place.

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

This will be closely monitored by the PCC and the 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

Fraser Sampson
Chief Executive and Solicitor

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 (WYPCC) and the Chief Constable for West Yorkshire (WYCC).

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.