

STATEMENT OF ACCOUNTS
WITH
ANNUAL GOVERNANCE STATEMENT
2012/13

THE CHIEF CONSTABLE
FOR NORTH YORKSHIRE



SUBJECT TO AUDIT

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SUBJECT TO AUDIT

EXPLANATORY FOREWORD TO THE STATEMENT OF ACCOUNTS

1. Introduction

The purpose of this Foreword is to provide a brief explanation of the financial aspects of the Chief Constable North Yorkshire's (CCNY) activities. It gives an indication, in broad terms, of where CCNY's money comes from, what it is spent on and the services it delivers.

The Police Reform and Social Responsibility Act 2011 (the Act) received royal assent on 15 September 2011 and North Yorkshire Police Authority (NYPA) was replaced on 22 November 2012 by two "corporation sole" bodies - the Police and Crime Commissioner for North Yorkshire (NYPCC) and the Chief Constable of North Yorkshire Police (CCNY). These bodies are required to prepare separate financial statements.

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

The financial statements presented here represent accounts for CCNY. CCNY has been identified as a subsidiary of NYPCC.

The accounts for the year ended 31 March 2013 are presented in the format laid down in "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).

These financial statements are presented as if the functions had been performed by CCNY for the whole of the year ending 31 March 2013. No comparatives are presented - the figures reported for NYPA for the year ending 31 March 2012 are shown as comparatives in the Group accounts.

The statements included in the accounts are as follows:

Statement of Responsibilities for the Statement of Accounts

This explains both CCNY's and the Chief Finance Officer's responsibilities in respect of the Statement of Accounts.

Movement in Reserves Statement

This Statement shows the movement in the year on the reserves held by CCNY. However, CCNY does not hold any reserves, all expenditure is funded on an immediate basis by NYPCC.

Comprehensive Income and Expenditure Statement

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

Balance Sheet

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by CCNY. However CCNY does not hold any assets, liabilities or reserves.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of CCNY during the reporting period. However, all income and expenditure flows through NYPCC bank accounts.

Remuneration Report

This report provides details of the remuneration, including pensions, of the Senior Officers of CCNY, as well as an analysis of remuneration and exit packages payable to officers and staff.

Statement of Accounting Policies

This explains the basis of the preparation of figures in the accounts. The accounts can only be properly appreciated if the policies that have been followed in dealing with material items are explained. Changes in policies from previous years have been clearly shown.

Annual Governance Statement

This statement outlines CCNY's governance framework. It is not an audited part of the accounts on which the Auditors give an opinion.

2. Accounting Principles

Balance Sheet

On 22 November 2012, the assets, liabilities and reserves of NYPA were transferred directly to NYPCC and statutory and local arrangements and practice determine that NYPCC 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 NYPCC from the Police Fund and all income and funding is received by NYPCC. NYPCC 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 of the Group are recognised on the NYPCC Balance Sheet.

Comprehensive Income and Expenditure Statement (CIES)

Under the Act, CCNY is responsible to NYPCC for the day to day provision of the policing functions, including direction and control of police officers. To facilitate this NYPCC delegated certain powers over authorisation of revenue expenditure within the agreed budget and direction and control over police staff to staff under the directional control of CCNY.

Based on the statutory powers and responsibilities as designated by the Act, and the local agreements and practice in place, and taking account of the guidance included in the Code, it has been determined that expenditure related to the Cost of Police Services will be shown in the CCNY CIES, funded by an equal and opposite credit from NYPCC. All income and funding and expenditure directly controlled by NYPCC will be shown in the NYPCC Single Entity CIES.

Intra-Group Charges

NYPCC makes charges to CCNY:

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

CCNY makes charges to NYPCC:

- for the cost of policing services

These charges are eliminated in the Group accounts.

3. Summary of Financial Year 2012/13: Revenue

CCNY incurred revenue expenditure during the year. Revenue Expenditure is generally spent on items which are consumed within the financial year and is financed by NYPCC. Details of spend with forecast of outturn are reported throughout the year. There is a direct relationship to the spend of revenue in the year and the Comprehensive Income and Expenditure Statement and the summary that follows provides the detail on the outturn spend position compared to the budget. This gives a clearer assessment of performance in the year compared to the budget. The total budget for the year was £139.6m.

CCNY operates a Corporate Budget Devolved Resource Management approach with corporate owners of budget, assets and resources for the majority of the budget. Effective management by Budget Holders resulted in an overall underspend of £1.8m. This was predicted as the year progressed and where appropriate was factored into the 2013/14 budget setting. The underspend has reduced the future year cost of investments and is contributing to the sustainable North Yorkshire Police (NYP) objective.

The position against the main budget headings is shown below:

Table 1

	Budget £'000	Outturn £'000	Variance £'000
Force			
Employee Costs	113,310	112,722	588
Police Officers' Pensions III-Health paid by CCNY	2,699	2,928	(229)
Premises	4,671	4,759	(88)
Supplies & Services	15,527	13,586	1,941
Transport	3,393	3,171	222
Recharges to the PCC	-	637	(637)
Force Net Expenditure	139,600	137,803	1,797
Sources of Finance			
NYPCC	139,600	137,803	(1,797)
Surplus (Deficit) for the year	-	-	-

Despite considerable demand placed on resources by the Olympic Torch relay, the Olympics and the European football tournament during the summer months of 2012 the Group continued to reduce costs and at the same time improve services to the public and all of the NYP communities.

Employee costs are the most significant element of the revenue budget and the outturn against these are shown in more detail below:

Table 2

	Outturn Variance £'000
Police salaries	1,330
Staff and PCSO salaries	967
Leavers costs	(6)
Overtime	(326)
Unsocial hours, overnight and hardship	(1,042)
Agency	240
Other employee costs	733
Total Operational Employee Costs	1,896
Non-Operational Employee Costs	(1,308)
Total Employee Costs	588

Employee Costs

Police Salaries - as Officers retire or transfer out of the Force, Police Officer numbers have reduced faster than anticipated and at the beginning of the year were lower than was assumed when the budget was set. During the year 28 transferees were recruited from other forces and an intake of 14 student officers was made in March 2013.

The resulting underspend on Police Officer salaries has been partly offset by an increase in the actual cost of a Police Officer compared to the standard costing assumption used in the budget. Work has now been done to revise these assumptions and the new standard costs have been used to set the 2013/14 budget. The revised standard costing also takes account of the two year suspension of incremental progression resulting from the Winsor recommendations.

Police Community Support Officer (PCSO) Salaries - the recruitment profile of PCSOs was planned to ensure that the average number of PCSOs during the year did not fall below 183 officers. However the planned recruitment of 14 PCSOs during the year identified only 5 PCSOs meeting the Force recruitment standards. This meant that the average PCSO numbers for the year was 182 FTE.

PCSO recruitment plans for 2013/14 are ongoing and following a successful recruitment exercise, 13 new PCSOs started in May 2013. To take account of potential leavers during the year and the impact of the internal Forcewide Police Officer campaign (which is expected to involve a number of existing PCSOs meeting the selection criteria and successfully transferring) a further PCSO recruitment campaign may be required later in the year and a provisional date of March 2014 has been earmarked.

Staff Salaries - a number of posts are currently vacant and are being actively recruited into. To assist with the future resilience of the organisation the Group continues to challenge whether recruitment is required whenever a post becomes vacant.

During the year the Group has been considering the time span for filling posts. Once posts are confirmed as required it is important to obtain the resource in a timely and effective manner. Holding lists and geographical campaigns have been considered to try to ensure that resource levels are maintained. The outcome of this work can be seen towards the end of the year as the monthly number of vacancies decreased.

Unsocial Hours, Overnight and Hardship Allowance - the 2012/13 budget was set before final confirmation of which of the Winsor recommendations were to be accepted and therefore did not include the impact of the Winsor recommendations.

Overtime - the overtime budget for 2012/13 included £500k to cover the Forcewide impact of policing the Olympic and Paralympics' Games in 2012. The directly attributable overtime costs of Officers who were deployed are included in Non-Operational costs. Only the actual overtime costs indirectly attributable to the summer events are included here, resulting in an underspend of £248k.

The outturn position also includes overtime for mutual aid provided to other forces at short notice.

Statutory Employee Accruals - International Financial Accounting Standards require that the cost of providing employee benefits, including paid leave, should be recognised in the period in which the benefit is earned by the employee rather than when it is paid or payable. The extraordinary demands placed on the organisation by the Olympic Torch relay, the Olympics and the European football tournament during the summer months resulted in difficulty for staff to take their full leave entitlement. The Chief Officer Team agreed that those officers and staff affected by annual leave restrictions during this time would be able to automatically carry five days leave forward and up to ten days if agreed by the individual's Director. This has resulted in significantly higher charge from the NYPCC for statutory employee accruals in 2012/13 compared to the previous year.

Agency - money set aside for particular activities which have not been completed in this financial year resulted in an underspend. £300k of the unused funds will be carried forward to 2013/14 to facilitate work on service requirements and service reconfiguration. This saving is offset by a corresponding transfer to reserves to facilitate the carry forward.

Other Employee Costs - overall vacancies have contributed to the underspend on subsistence and training budgets across Directorates. This overall underspend for 2012/13 has been taken into account when setting the 2013/14 budget.

The Force is currently preparing a report to consider paying relocation expenses for Police Officer transferees during 2012/13 and provision has been made in the 2012/13 accounts to cover these payments.

Non-Operational Employee Costs - the original budgets for seconded officers and mutual aid were calculated using existing contracts at the budget planning period. New contracts and extensions have increased the actual salary costs.

Pension Costs

In 2006 a review of Injury on Duty Awards commenced resulting in significant savings over the life of the award. Since then there have been three significant public law cases which have impacted upon the way such reviews are conducted. Following advice from the Home Office the review is on hold until revised guidance is issued. The 2012/13 overspend reflects the backdated cost of successful appeals. Money was set aside to cover these in the 2011/12 accounts, but in the light of the general underspend this has been left in reserves.

Premises costs

There was an overall overspend against the budget. This resulted from higher than anticipated rates valuation for the new Harrogate Beckwith Head site which was partly offset by a reduction in rates due on properties sold or currently empty, additional costs relating to removal and relocation of staff during refurbishment work, professional fees for assistance with tender exercises and additional repair works required on the buildings and grounds.

These overspends have been partly offset by a reduction in utility costs. During 2011/12 Property and Facilities started to replace old inefficient heating systems with more efficient boilers and building management systems to give more control, introduced more efficient light fittings and passive infrared sensors in corridors, locker rooms and washrooms to turn lights off when not in use and installed PV panels on a number of buildings. All these measures have helped to reduce expenditure in 2012/13 and our carbon footprint. These cost reductions have been taken into account when preparing the 2013/14 budget.

Supplies and Services

The operational performance achieved has suppressed the need for a range of elements of expenditure and this, coupled with the level of major incidents, has resulted in underspends across many Supplies and Services budgets. Government figures released during January this year showed that crime in North Yorkshire and the City of York has been reduced by 9% during the past year.

The overall level of crime and stricter submission processes has also resulted in underspends across all of the evidence and forensic budgets. Forensic Science services were regionalised during the year and from September 2012 the cost of forensic submissions has been charged to Regional Collaboration resulting in an underspend on Operational supplies and services and an overspend on Collaboration. An appropriate budget to cover the cost of this service from the Region has been included under Collaboration in 2013/14. Spending against prisoner related budgets such as welfare and medical costs, interpreter and translator fees was also less than expected.

The 2012/13 budget included a provision of £500k for targeted initiatives going forward. These operational initiatives were not mature enough to be delivered before the end of the financial year and it is proposed to carry forward £300k to be used for targeted police service delivery initiatives focused on local objectives.

The outturn supplies and services expenditure includes the indirect or consequential Olympic related expenditure such as security services at York, Harrogate and Scarborough during the summer months and the purchase of personal issue long batons and dog police support unit kits for officers deployed at the Olympics.

Other significant underspends include the renewal of the Microsoft Enterprise agreement which has been deferred until 2013/14 and forms part of the comprehensive IT infrastructure review. A one off service credit of £113k against the cost of network charges was also received during the year relating to the unsatisfactory performance. ISD has commenced a process of constantly reviewing and challenging their contracts to ensure that CCNY has the correct contracts in place and is correctly licensed; ensuring that best value is secured. By negotiating alternative supplies some of the anticipated spend had been incorporated into updated or replacement solutions thereby delivering efficiencies and offsetting potential expenditure. ISD also look for opportunities to deliver work in house and reduce costs. The 2013/14 budget reflects these changes.

The overall underspend on Supplies and Services for 2012/13 has been taken into account when setting the 2013/14 budget.

Transport

The 2012/13 budget was based on 2010/11 fuel consumption levels supplied by our fuel card service. Since that date more economical vehicles have been purchased as part of the vehicle replacement programme. Together with a reduction in the price of diesel between April 2012 and March 2013 this has resulted in an underspend on fuel. Extended warranty periods with no mileage restrictions and the successful negotiation of a new contract have also led to an underspend on outside contractor repairs and vehicle parts. These changes have been reflected in the budget going forward.

Recharges to the PCC

A charge of £635k to increase the insurance provision in line with the actuarial report dated 30th September 2012. This has been partly offset by a £257k underspend on the Legal and Insurance budget and a planned transfer to the Insurance Reserve of £104k no longer required.

Segmental Analysis

The results can be analysed across operating segments as follows:

Table 3

	Budget £'000	Outturn £'000	Variance £'000
Response and Reassurance	53,338	53,394	(56)
Crime	24,650	24,855	(205)
Specialist Operations	20,270	21,372	(1,102)
Corporate	12,576	10,651	1,925
Other	28,766	27,531	1,235
Segment Net Cost of Services (= Force Net Expenditure in Table 1)	139,600	137,803	1,797

Full details on segment reporting is shown in Statement of Accounts Note 2.

Table 4

Current Year	Response and Reassurance £'000	Crime £'000	Specialist Operations £'000	Corporate £'000	Other £'000	Total £'000
Expenditure						
Employee Costs	50,773	23,144	19,171	3,879	15,755	112,722
Supplies & Services	1,157	1,405	1,789	3,020	6,215	13,586
Premises Costs	(2)	6	48	52	4,655	4,759
Transport	1,466	300	363	136	906	3,171
Financial and Pension Costs	-	-	1	3,564	-	3,565
Segment Net Cost of Services	53,394	24,855	21,372	10,651	27,531	137,803

Response and Reassurance

This segment, which is the largest of CCNY's operational segments, includes neighbourhood and community policing services, police community support officers, police station front desk enquiry teams, together with force control room operations.

Crime

The Crime segment covers all operations associated with the detection and investigation of crime together with associated support services such as scientific and forensics support.

Specialist Operations

Specialist Operations include key activities such as Major Incident units and operational units (including firearms and road policing).

Corporate

The Corporate segment includes activities and costs that provide the infrastructure that allows services to be provided and the information that is required for public accountability.

Other

Included within Other are those segments where expenditure is less than 10% of total gross expenditure. These include both operational services and support departments.

4. Regional Working

CCNY continued to engage in collaborative working throughout 2012/13 in partnership with the other Yorkshire and the Humber forces. The governance for this regional programme of activity was via the Joint Police Authority Committee (JPAC) until 22 November 2012 and is now via the Regional Collaboration Board in accordance with the Heads of Agreement. The administration of activities is via the Regional Programme Team including the financial administration of regional budgets which is led by West Yorkshire PCC (WYPCC).

The accounting arrangements for regional working are to account for this regional activity as a Joint Arrangement Not an Entity (JANE) in line with the Code guidance. WYPCC have produced Memorandum accounts within their financial statements summarising all pertinent transactions. The impact of regional working on NYPCC primary statements is as follows: -

- The Comprehensive Income and Expenditure Statement incorporates CCNY's contribution to the regional work for 2012/13 financial year (See Statement of Accounts Note 4b).

Current plans are to proceed to explore opportunities where possible with regional working on either a four, three or two force basis with Yorkshire and the Humber. A number of regional units already operate e.g. strategic roads policing and regional procurement. Other collaborative opportunities including forensic services and underwater search facilities have been agreed and will be fully established during 2013/14. The contribution to regional working in the year was £1.5m. This level will increase if activities are expanded.

This will have an impact on the financial position. One of the drivers is to reduce costs and overheads. At present the requirements to achieve savings has been planned and met without taking savings from regional working into account.

As joint arrangements are established the financial impact will be brought into the Medium Term Financial Plans and budget. It needs to be recognised that along with the savings, potential costs will accrue either one-off from, for example, redundancies or ongoing, for example, pension cost increases and pension liability due to a smaller workforce.

5. Achievements

The outturn position has provided the platform to achieve the following:

The Chief Constable has committed to the vision for NYPCC set out by the Commissioner within the Police and Crime Plan which is for our communities to "Be Safe, Feel Safe". This is supported by the aim for North Yorkshire Police to be the most responsive force in the country. There are six key goals that underpin this vision. These goals and some of the key areas of development and achievement that have been progressed since the inception of the NYPCC are set out below.

Reduce Harm

- Integrated service delivery in respect of Domestic Violence resources
- Updated and enhanced escalation processes for Anti Social Behaviour Management
- Introduction of a Multi Agency Safeguarding Hub with City of York Council and the central referral unit
- Initial groundwork for the development of Automatic Number Plate Recognition (ANPR) capability has been established
- Three additional safety camera vans have been implemented and are already producing results across the County and City of York
- Significant regional collaboration activity has been established throughout the financial year which incorporates intelligence sharing and specialist capabilities
- The 2013/14 programme has already introduced a dedicated Major Crime Unit to provide dedicated resources to the most serious, low volume high impact, crime investigation areas whilst preserving front line local policing resources

People First

- A more strategic approach to delivering Community Safety is currently being considered across the County and City of York
- A new Community Fund has been launched to allow local people and organisations to secure funding for projects important in their local area or community
- A review of existing Complaints handling and investigations processes has been undertaken to identify options for more enhanced independence and transparency
- Recruitment of Police Officers, PCSOs and Special Constables have all been undertaken or are in the process of being undertaken to ensure the right resources are in the right place at the right time and that they are fit for purpose to deliver operational policing to our communities
- The development of a Victims Charter is underway and will take cognisance of current national developments in this area
- The development of further Equalities, Diversity and Human Rights initiatives have been progressed including extensive work to promote awareness of Hate Crime. These arrangements are supported by formal Board governance structures
- Introduction of further Local Police Stations/Offices to complement the existing estate

More with less

- Increased resilience and capability through regional collaboration
- Exploration of partnership opportunities with a range of public sector partners
- Procurement processes seek to identify greater economies of scale in partnership with local partners and to promote ethical procurement processes
- Further savings achieved during this financial year from a range of activities outlined elsewhere in these statements resulting in a £4m underspend

Fit for the Future

- Initiation of the development of a costed business case for a new 'northern base' to replace Newby Wiske Hall, combined with a new custody suite for the northern part of the police force area and flexible, modern accommodation for operational and support functions
- Joint use facilities with partners explored and delivered during the year
- Reviews initiated for Training and Information Technology to identify and bolster capacity and capability required to be fit for the future

Drive Justice

- Review of Crime Directorate structure to deploy resources to meet the needs of the community including repeat offenders
- York Youth Offending Team and North Yorkshire Youth Offending Team Partnership Boards working collaboratively. As part of this Board early triage system being developed when young people are brought into custody for the City of York. NYP led on national measures introducing new Youth caution and Conditional Cautions in April which allows for intervention/ diversion and reparation at an early stage
- The group leads for the LCJB Reducing Reoffending Board on developing restorative Justice outcomes in partnership with other criminal justice agencies. A three month Reducing Reoffending measure has been developed

Police UK

- NYP is a senior partner in the North Yorkshire Local Resilience Forum and has significant input into the development of new initiatives and ways of working
- NYP maintains strong links with National groups and has maintained its national commitment to Public Order requirements
- The group continue to campaign to ensure a fair funding formula with representation at a National and Regional level in various forums. The formula is due to be reviewed and at present the NYPCC receives a "funding top-up" of £9.4m which reflects the nature of policing in this area

6. Pensions (See Statement of Accounts Note 5)

As part of the terms and conditions of officers and employees, CCNY offers retirement benefits in accordance with national agreements and schemes. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

CCNY participates in three pension schemes:

- The Local Government Pension Scheme (LGPS) for Police Staff, administered by North Yorkshire County Council. This is a funded scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets;
- Two Police Pension Schemes for Police Officers. These are unfunded schemes, meaning that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

During 2011 there was a national consultation and report produced in relation to pensions. Lord Hutton reported on the long-term reform of public service pensions. The wide remit included both the LGPS and police pension schemes. There are likely to be changes to the continuance of final salary pension schemes, but the changes in total are still to be negotiated. However the changes will be aimed at longer-term stability and viability. There is no reason to expect that these will adversely affect the liability position rather they should, as intended, improve it.

7. Events after the Reporting period

Details are provided in Statement of Accounts Note 6.

8. Impact of current economic climate and Medium Term Financial Plan (MTFP) Implications

As a result of the current economic downturn and the need to reduce public sector spending, CCNY has had to prepare for the funding reductions identified within the budget settlement. The planning undertaken in previous years anticipated future spending constraints and funding reductions. The assumptions in relation to costs and funding were continually reviewed with a resulting increasing funding gap emerging.

9. Accounting Policies and Presentation of the Accounts

The accounting policies adopted in the preparation of the accounts are set out formally in the Statement of Accounting Policies which follow.

Under the Audit Commission Act 1998 members of the public have the right to inspect CCNY's accounts and supporting documents, and to question the auditor, or make objections to the matters contained in them. The times at which the accounts are deposited for inspection are advertised in the Northern Echo and Yorkshire Post.

Every effort has been made to ensure the accuracy of these accounts and compliance with accounting requirements.

The CCNY's external auditors are:

Mazars
Tower Bridge House
St Katherine's Way
London
E1W 1DD

Signed:..... Dated:
Chief Finance Officer for the Chief Constable for North Yorkshire

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Responsibilities of the Chief Constable for North Yorkshire

The Chief Constable is required to:

- make arrangements for the proper administration of their financial affairs and to ensure that one of their officers has the responsibility for the administration of those affairs. In this Force, that officer is the Chief Constable's Chief Finance Officer;
- manage their affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

The Responsibilities of the Chief Constable's Chief Finance Officer

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

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

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Chief Finance Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate by the Chief Constable's Chief Finance Officer

I certify that the Statement of Accounts has been prepared in accordance with proper accounting practice and presents a true and fair view of the financial position of the Chief Constable for North Yorkshire at 31 March 2013, and its income and expenditure for the year then ended.

Signed: Dated:
Chief Finance Officer for the Chief Constable for North Yorkshire

**MOVEMENT IN RESERVES STATEMENT
for the Year Ended 31 March 2013**

The Chief Constable does not hold any reserves.

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
for the Year Ended 31 March 2013**

	2012/13 Gross Expenditure £'000
Local Policing	68,579
Dealing with the Public	14,645
Criminal Justice Arrangements	13,232
Roads Policing	8,987
Specialist Operations	12,674
Intelligence	9,493
Investigation	21,015
Investigative Support	4,784
National Policing	5,624
Cost of Police Services and Net Cost of Services	159,033
Intragroup Funding	(159,033)
Surplus or Deficit on the Provision of Services	-
Total Comprehensive (Income) and Expenditure	-

BALANCE SHEET as at 31 March 2013

The Chief Constable does not hold any assets, liabilities or reserves.

**CASH FLOW STATEMENT
for the Year Ended 31 March 2013**

All income and expenditure flows through the NYPCC bank accounts.

REMUNERATION REPORT 2012/13

Remuneration of Senior Officers

Up to the appointment of the Police and Crime Commissioner (PCC) on 22 November 2012, remuneration of senior officers was approved by the Management Board, a committee of the North Yorkshire Police Authority. From 22 November 2012 the Chief Constable approves the remuneration of senior Police Officers and the remuneration of other senior officers is approved by the PCC.

Up to 22 November 2012 membership of the Management Board comprised the following:

Jane Kenyon (Chairman)
Bill Baugh (Vice Chairman)
Tony Hargreaves
Carl Les
Keith Orrell

All of the members of the Board were members of the Police Authority. Jane Kenyon, the Chairman of the Management Board, was also the Chairman of the Police Authority.

The Management Board exercised delegated powers from the Police Authority to determine all conditions of service issues relating to Chief Police Officers and senior officers of the Authority including, where applicable, remuneration and related matters. Many aspects, particularly those concerning Chief Police Officer conditions of service, are governed by legislation or statutory guidelines and national policy and follow national agreements.

In setting the condition of service the Board and the Police and Crime Commissioner have regard to the following factors:

- the need to recruit, retain and motivate suitably qualified people to carry out their different responsibilities
- regional/local variations in labour markets and their effects on the recruitment and retention of staff
- differences in terms and conditions of employment between the public and private sector and taking account of relative job security and value of benefits in kind
- changes in national pay systems, including flexibility and the reward of success, and job weight in differentiating the remuneration of particular posts
- the relevant legal obligations, including anti-discrimination legislation regarding age, gender, race, sexual orientation, religion and belief and disability.

Total remuneration of senior police officers comprises elements that are set centrally for all police forces in the UK and other elements that are set locally. Pay elements that are set centrally include base salary, accommodation allowances and pension benefits. Centrally-set elements for serving police officers are determined in accordance with the Police Regulations 2003 (as amended).

For the purposes of this report the senior officers of CCNY comprised the following personnel during the year:

Chief Constable *
Deputy Chief Constable *
Assistant Chief Constables *
Chief Officer Resources
* serving police officers.

Where applicable disclosures are also provided for employees who have fulfilled the above roles on a temporary or acting basis.

Summary of Remuneration of Senior Officers

	2012/13 Senior Officers £'000
Salaries and short-term benefits	536
Post-employment benefits	112
Termination benefits	248
Total	896

Remuneration of other employees

Levels of pay for other employees are determined in accordance with the following:

- Police officer remuneration is determined in accordance with the Police Regulations 2003 (as amended)
- Remuneration of support staff is agreed by the Police Support Staff council

Remuneration entitlements of Senior Officers

Salary

Basic salary for serving police officers is determined and approved by the Secretary of State for the Home Office each year. Salaries are set for all police officers of all ranks up to and including Chief Constables. Pay reviews are carried out each year and any increases are applicable from 1 September. Pay reviews for other senior officers are agreed with the Police Support Staff Council. Any increases are also applicable from 1 September.

Other Allowances and Benefits

Other allowances and benefits include allowances and expenses paid, in addition to basic salary, that are chargeable to UK income tax. They comprise the following:

- Accommodation allowance;
- Car available for private use or car allowance paid as additional salary;
- Healthcare;
- Personal development and training;
- Relocation - Relocation benefits comprise amounts payable through a combination of cash and non-cash items, and are referenced as such in the tables of Senior Officer Remuneration below.

Accommodation allowances are a historic payment and were paid to police officers who resided in their own accommodation as opposed to Police Houses. They are not paid to any police officers joining the Force after April 1995, other than those that may be transferred from other Forces and who are already in receipt of accommodation allowances.

Allowances

For the purposes of the disclosures that follow, amounts disclosed as allowances are those that are included with salary.

Benefits in Kind

Benefits in kind include the estimated value of any benefits that are provided to senior officers in forms other than cash. During the year benefits in kind included the cash equivalents of cars provided to senior officers as disclosed to HM Revenue and Customs on form P11D.

Performance Bonus

Bonuses for senior police officers are regulated by way of a national agreement reached at the Police Negotiating Board in 2003. The levels of bonuses are determined annually, upon eligibility, in accordance with the national scheme. Eligible senior police officers comprise the Chief Constable, the Deputy Chief Constable and any Assistant Chief Constable (ACC) who has reached the top of the national pay scale for the rank of ACC. Bonuses for the Chief Executive and the Chief Officer Resources are considered annually in accordance with a locally negotiated scheme for those officers individually. In all cases, individuals may be eligible for performance bonuses based on annual performance targets covering a variety of indicators including individual performance as well as organisational-based performance targets.

Performance bonuses are paid in the year following the end of the financial year to which the bonus relates. No bonus payments were made in 2012/13 nor in 2011/12.

Pension Benefits

The pension figure included in the disclosures below represents the value of the employer's pension contribution to the senior officer's pension pot, in whichever scheme he/she is a member.

Police Officers

Those members of the senior officer team who are also serving police officers are eligible to join the Police Pension Scheme. During 2012/13 all eligible senior officers were members of the Police Pension Scheme 1987.

The scheme is a defined benefit scheme, providing pension benefits linked to final salary. The scheme is a 40/60ths scheme, with a full pension payable under the scheme after 30 years' service. The maximum pension payable is 40/60ths of salary. The accrual rate for the scheme is 1/60th of salary for each year worked for the first 20 years service and 2/60ths for each year for the following 10 years and nil thereafter. At retirement members may opt to give up (commute) part of their pension entitlement in return for a lump sum cash payment.

Senior officers' contributions are currently at the rate of 12.5% of pensionable salary. (See Police Pension Fund Account and Note 26 to the accounts for further information on the Police Pension schemes).

Other Senior Officers

Those members of the Senior Officer team who are not serving police officers are eligible to participate in the Local Government Pension Scheme ("LGPS"). During 2012/13 all eligible senior officers are members of the scheme.

The scheme is a defined benefit scheme, providing pension benefits linked to final salary. The current scheme provides for an accrual rate of 1/60th of salary for each year of service. There is no time limit to the amount of service that can be built up but benefits must be taken by age 75. At retirement members may opt to give up (commute) part of their pension entitlement in return for a lump sum cash payment.

Senior officers' contributions are currently at the rate of between 7.2% and 7.5% of pensionable salary. (See Note 26 to the accounts for further information on the Local Government Pension Scheme).

A summary of Senior Officer Remuneration for the year ended 31 March 2013 is presented below:

	Salary	Benefits in kind	Allowance	Value of employers pension contribution	Termination Benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Constable:						
G Maxwell up to 31/5/12 (1)	11	-	11	4	248	274
T Madgwick (Acting) wef 1/6/12 (2)	92	-	3	22	-	117
Deputy Chief Constable:						
T Madgwick up to 31/5/12 (2)	18	-	1	4	-	23
S Cross (Acting) wef 1/6/12 (2)	88	-	5	21	-	114
Assistant Chief Constable:						
S Cross up to 31/5/12 (2)	17	-	1	4	-	22
I Spittal wef 1/6/12 (2)	83	-	3	20	-	106
Chief Officer Resources and Chief Constable's CFO*:						
J.Carter (3)	116	-	10	22	-	148
Total	425	-	34	97	248	804

* CFO - Chief Finance Officer

Benefits types payable: (1) a,b,c,d (2) a,b,c (3) b,c

The Chief Officer Resources received an allowance for providing her own vehicle for business purposes, this is shown under allowances. Chief Constable Maxwell had a vehicle allowance included in allowances. The other Operational Police Officers use vehicles provided by the force. These are not included in benefits in kind as they are for operational use although these are also available for personal purposes.

On 1st May 2013 the CCNY completed a review of strategic management and from this date J.Palmer was appointed as the Chief Constable's Chief Finance Officer.

The 2011/12 Authority accounts included a provision of £248k in relation to an exit package payable to Chief Constable Maxwell in May 2012. This is reported as part of his remuneration in 2012/13.

Officers and Staff

2012/13

Average number of officers and staff, including Senior Officers 2,704

The number of individuals, excluding senior officers, who have received total remuneration greater than or equal to £50,000 per annum (in bands of £5,000) are listed below. The figures below represent the amounts paid in each year, taking account of starting and leaving dates, where retiring staff have been replaced during the year, and include officers seconded to other Forces. Total remuneration comprises gross salaries and allowances, taxable benefits as declared to HM Revenue and Customs on form P11D, and any bonus amounts in relation to the year in question (paid or payable). Total remuneration excludes any termination benefits payable and does not include employer's pension or national insurance contributions.

The table includes 90 police officers below the rank of Chief Superintendent.

Total remuneration	2012/13
£50,000 to £54,999	52
£55,000 to £59,999	33
£60,000 to £64,999	8
£65,000 to £69,999	3
£70,000 to £74,999	4
£75,000 to £79,999	5
£80,000 to £84,999	3
£85,000 to £89,999	1
£90,000 to £94,999	-
Total	<u>109</u>

Termination benefits

CCNY terminated the contracts of a number of employees in 2012/13, incurring liabilities of £77k payable to Senior Officers and staff in the form of compensation for loss of office and enhanced pension benefits.

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

	Number of Compulsory Redundancies	Number of Other departures	Total number of exit packages by cost band	Total cost of exit packages in each band £'000
	2012/13	2012/13	2012/13	2012/13
£0 - £20,000	-	-	-	(8)
£20,001 - £40,000	-	1	1	22
£40,001 - £60,000	-	-	-	-
£60,001 - £80,000	-	1	1	63
£80,001 - £100,000	-	-	-	-
Total	-	2	2	<u>77</u>

Some of the exit package costs provided for in the 2011/12 accounts (of the Authority) were settled at different figures than estimated and the adjustments are recorded in 2012/13, resulting in the negative costs declared for the £0-£20,000 band in 2012/13.

ACCOUNTING POLICIES for the YEAR ENDED 31 March 2013

1. General and Changes in Accounting Policy

These financial statements are prepared in accordance with the Accounts and Audit (England) Regulations 2011 and proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 "the Code" and the Service Reporting Code of Practice for Local Authorities 2012/13 ("SeRCOP"), supported by International Financial Reporting Standards ("IFRS") and statutory guidance.

The accounts have been prepared on a going concern basis using a historical cost convention, modified by the revaluation of certain categories of non-current assets and financial instruments.

The principal accounting policies adopted are set out below.

2. Transfer of Functions from North Yorkshire Police Authority

The Police Reform and Social Responsibility Act 2011 (the Act) received royal assent on 15 September 2011, and North Yorkshire Police Authority (NYPA) was replaced on 22 November 2012 by two "corporation sole" bodies - the Police and Crime Commissioner for North Yorkshire (NYPCC) and the Chief Constable of North Yorkshire Police (CCNY). These bodies are required to prepare separate financial statements.

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

The financial statements presented here represent accounts for CCNY. CCNY has been identified as a subsidiary of NYPCC.

3. Accounting Principles

Balance Sheet

On 22 November 2012, the assets, liabilities and reserves of NYPA were transferred directly to NYPCC and statutory and local arrangements and practice determine that NYPCC 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 NYPCC from the Police Fund and all income and funding is received by NYPCC. NYPCC 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 of the Group are recognised on the NYPCC Balance Sheet. Accordingly the Balance Sheet for CCNY does not include any entries.

Comprehensive Income and Expenditure Statement (CIES)

Under the Act, CCNY is responsible to NYPCC for the day to day provision of the policing functions, including direction and control of police officers. To facilitate this NYPCC delegated certain powers over authorisation of revenue expenditure within the agreed budget and direction and control over police staff to staff under the directional control of CCNY.

Based on the statutory powers and responsibilities as designated by the Act, and the local agreements and practice in place, and taking account of the guidance included in the Code, it has been determined that expenditure related to the Cost of Police Services will be shown in the CCNY CIES, funded by an equal and opposite credit from NYPCC. All income and funding and expenditure directly controlled by NYPCC will be shown in the NYPCC Single Entity CIES.

Intra-Group Charges

NYPCC makes charges to CCNY:

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

CCNY makes charges to NYPCC:

- for the cost of policing services

4. New International Accounting Standards Adopted for the first time in this Financial Period

No new International Financial Reporting Standard ("IFRS") apply to these accounts.

5. Accruals of Income and Expenditure

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

- 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.
- 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.

6. Employee benefits

Short Term Employee Benefits

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include wages and salaries, annual leave, flexitime, time-off in-lieu and re-rostered rest days and are recognised as an expense for services in the year in which employees render service. A charge is made by NYPCC for the costs earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The charge is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit, and is charged to the relevant service line in the Comprehensive Income and Expenditure Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy, and are charged on an accruals basis to the relevant service when there is a demonstrable commitment to the termination of the employment of an officer or group of officers or to the making of an offer to encourage voluntary redundancy.

Retirement Benefits

Officers and staff participate in pension schemes, with separate schemes for Police Officers and for Police Staff. All schemes provide members with defined benefits (retirement lump sums and pensions) related to pay and service.

A charge is made by NYPCC equivalent to the current service cost which is the increase in the NYPCC liabilities as a result of years of service earned this year. This charge is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employee worked.

7. Value Added Tax (VAT)

Income and expenditure excludes any amounts related to recoverable VAT. All VAT collected is payable by NYPCC to HM Revenue and Customs and the majority of VAT paid is recoverable from it.

8. Overheads and Support Services

The costs of overheads and support services are charged to those services that benefit from the supply or service in accordance with the costing principles of the CIPFA 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 - costs relating to the operation as a multi-functional, democratic organisation, which are charged to NYPCC.

This cost category is defined in SeRCOP.

9. Segmental Reporting

Decisions about resource allocation are made using internal management reports which show net expenditure on a segmental basis, using methodologies which in some cases are different from the accounting policies in the financial statements. The cost of retirement benefits is based on payment of employers' pension contributions rather than the charge from NYPCC equivalent to the current service cost of benefits accrued during the year. Segment information in these financial statements is based on the internal management reporting. Segments are reported where expenditure is 10% or more of the gross expenditure within the net cost of services.

The functions performed are reported using the following segments:

Response and Reassurance

This segment, which is the largest of the operational segments, includes neighbourhood and community policing services, Police Community Support officers, police station front desk enquiry teams and force control room operations.

Crime

The Crime segment covers all operations associated with the detection and investigation of crime together with associated support services such as scientific and forensics support.

Specialist Operations

Specialist Operations include key activities such as Major Incident units and operational units (including firearms and road policing).

Corporate

The corporate segment includes activities and costs that provide the infrastructure that allows services to be provided, and the information that is required for public accountability.

Other

Included within Other are those segments where both income and expenditure is less than 10% of total gross income or expenditure. These include both operational services and support departments.

10. Jointly Controlled Operations - Regional Working

CCNY engages in collaborative working in partnership with the other Yorkshire and the Humber forces to deliver a number of specific services on a regional basis. The governance for this regional programme of activity was via a Joint Police Authority Committee (JPAC) until 22 November 2012 when a Regional Collaboration Board was constituted in accordance with the Heads of Agreement. The administration of activities is via the Regional Programme Team including the financial administration of regional budgets which is led by the Police and Crime Commissioner for West Yorkshire Police (WYPCC).

The participating Forces use their own resources to undertake this venture and the accounting arrangements for regional working are to account for this as a Joint Arrangement Not an Entity ('JANE') in line with CIPFA guidance:

- Each participant accounts for the assets it controls, the liabilities it incurs, the expenses that it incurs and the income receivable in relation to amounts re-charged to the venture.

WYPCC financial statements include memorandum accounts summarising all pertinent transactions.

11. Charges for the Long Term Use of Assets

Long-term assets are assets that have physical substance and are held for use in the provision of services, and that are expected to be used during more than one financial year.

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 Long-Term Assets are recognised on the NYPCC Balance Sheet.

NYPCC makes a charge to CCNY for the use of Long-Term Assets. This charge is equivalent to the debits made to NYPCC CIES for the impairment, depreciation, amortisation and revaluation of the assets.

12. Leasing

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. Leases that do not meet the definition of finance leases are accounted for as operating leases.

Operating Leases

Rentals payable under operating leases are charged to the Comprehensive Income and Expenditure statement 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.

13. Events after the Balance Sheet Date

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. There are two types of events:

- Adjusting events are those that provide evidence of conditions that existed at the end of the reporting period. Where any adjusting events are found amounts recognised in the Statement of Accounts are updated to reflect those adjusting events;
- Non-adjusting events are those that are indicative of conditions that arose after the reporting period. The Statement of Accounts is not updated for non-adjusting events, but where material, 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.

14. 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 financial performance.

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

Changes in accounting policies are only made when required by proper accounting practices or when the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the 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.

15. Critical Accounting Estimates and Judgements

In applying the Accounting Policies, the CCNY has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The following critical judgements have been made in the Statement of Accounts.

Future government funding

There is a high degree of uncertainty about future levels of funding for police services. However it has been determined that this uncertainty is not sufficient to provide an indication that the assets might be impaired as a result of a need to close facilities and/or reduce levels of service provision.

16. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures based on assumptions about the future or that are otherwise uncertain. Estimates 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.

Provisions

NYPCC holds a provision for the settlement of ongoing claims not covered by insurers, based on claims received, historical experience of claims not received at the Balance Sheet date and estimated settlement values, and makes a charge to CCNY to recover any increase required in the year.

An increase over the forthcoming year of 10% in either the number of claims or the estimated average settlement would have the effect of adding £264k to the provision needed.

Due to the nature of the claims experience it is difficult to make a dependable assessment of the window during which particular litigation might determine, and consequently when any cost may be incurred.

Employee Benefits

NYPCC has made a charge for employee benefits outstanding at the year end, comprising flexi-time, annual leave and re-rostered rest days. The charge is estimated based on returns from each department and data captured from the Duties Management system.

Approximately 76% of the accrual (£1.8m) relates to rest days in lieu (RDIL). An increase or decrease of 5% in the number of RDIL owed would change the accrual by £90k.

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

There are no new Accounting Standards that will impact on these accounts in 2013/14.

SUBJECT TO AUDIT

NOTES TO THE ACCOUNTS

1. Leases

CCNY leases a number of properties, which have been accounted for as operating leases. The total rentals payable in 2012/13 were £349k.

CCNY uses certain other equipment financed under an operating lease. The amount paid in 2012/13 was £195k.

Commitments under Operating Leases

At the balance sheet date CCNY was committed to making total payments of £544k under operating leases.

	Expiring in less than 1 year	Expiring between 1 and 5 years	Expiring in over 5 years	Total
	£'000	£'000	£'000	£'000
2013 Land and Buildings	98	95	156	349
Plant and Equipment	126	69	-	195
Total	224	164	156	544

2 (a) 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 for Local Authorities (SeRCOP). However, decisions about resource allocation are taken on the basis of budget reports analysed across operational departments. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- the charge from NYPCC for the use of Long Term Assets is not included
- the cost of retirement benefits is based on payment of employer's pensions contributions rather than the charge from NYPCC equivalent to the current service cost of benefits accrued in the year
- expenditure on some support services is budgeted and accounted for centrally.

2 (a) Amounts Reported for Resource Allocation Decisions

Current Year	Response & Reassurance £'000	Crime £'000	Specialist Operations £'000	Corporate £'000	Other £'000	Total £'000
Expenditure						
Employee costs	50,773	23,144	19,171	3,879	15,755	112,722
Supplies and services	1,157	1,405	1,789	3,020	6,215	13,586
Premises costs	(2)	6	48	52	4,655	4,759
Transport	1,466	300	363	136	906	3,171
Financial	-	-	1	3,564	-	3,565
Segmental Net Cost of Police Services	53,394	24,855	21,372	10,651	27,531	137,803
Reconciliation to the Comprehensive Income and Expenditure Statement (CIES):						137,803
Less:						
Amounts not included in Net Cost of Police Services					-	
Amounts reported below Cost of Police services in CIES					-	
Plus:						
Amounts not included in Segmental Net Cost of Police Services					21,230	21,230
Net Cost of Police Services						159,033

2(b) Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

Current Year	Segmental £'000	Amounts not reported to analysis management for decision making £'000	Net Cost of Police Services £'000	Amounts reported below Net Cost of Police Services £'000	Surplus / Deficit on Provision of Services £'000
Employee expenses	112,722	-	112,722	-	112,722
Other service expenses	25,081	-	25,081	-	25,081
Charges to/from NYPCC	-	21,230	21,230	(159,033)	(137,803)
Total Expenditure	137,803	21,230	159,033	(159,033)	-
(Surplus) or Deficit on the Provision of Services	137,803	21,230	159,033	(159,033)	-

2 (c) Intragroup Funding

2012/13
£'000

Charges from NYPCC to CCNY

Charged to appropriate headings as part of Cost of Police Services

Amounts equivalent to:

- difference between service costs calculated under IAS19 and pension contributions charged to segmental cost of services	6,378
- increase in accrual for employee accumulated absences	520
- amounts charged to Income & Expenditure for Property, Plant and Equipment	15,192
- increase in provisions	635
- interest charge on finance leases	1
- inventories expensed	1,274
	<u>24,000</u>

Charges from CCNY to NYPCC

Credited to the same headings as the costs they are recharging, as part of Cost of Police Services

- expenditure to be charged to provisions	353
- democratic core costs	339
	<u>692</u>

Credited to Surplus or Deficit on the Provision of Services

- funding provided by NYPCC	<u>159,033</u>
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3. Other amounts credited/charged to the Comprehensive Income and Expenditure Statement

3 (a) Sponsorship

The Police and Crime Commissioner has the power to receive gifts, loans of property and sponsorship up to a limit of 1% of the annual revenue budget (2012/13 limit £1.4m). Contributions are made under specific agreements and if not utilised in the year of receipt are carried forward. During the year £19k was utilised by CCNY from the sponsorship and donation accounts in reflection of expenditure primarily on focused safety and crime reduction initiatives.

3 (b) Audit Fees

CCNY incurred the following fees relating to external audit and inspection.

	2012/13 £'000
External Audit Fees	20
Other services	-
Total	<u>20</u>

4. Partnership Arrangements

4 (a) Local Criminal Justice Board (LCJB)

The Force provides financial management on behalf of the LCJB, which is a combined Board made up of Criminal Justice Agencies.

Expenditure of £37k has been incurred in 2012/13 and included in these accounts.

4 (b) Regional Collaboration

The Regional Collaboration Programme was developed following the Home Office withdrawal of its plans in 2005 to merge Police Forces. Regional Collaboration is very different to a formal merger and is bringing opportunities to the participating Forces across many policing activities whilst retaining local Police Forces, local identity and local accountability.

Governance arrangements are in place to support regional collaboration. A Joint Police Authority Committee (JPAC) was constituted under section 101 and 107 of the Local Government Act 1972 until 22 November 2012, when it was replaced by a Regional Collaboration Board. The Board is a sub-committee of each participating Commissioner and was the first of its kind in the country. It comprises the Commissioners plus other officers from each of the participating forces and was formed to support Section 23 of the Police Act 1996/Police and Justice Act 2006. Income and expenditure charged to the Regional Collaboration programme is in accordance with the Financial Regulations and Standing Orders of West Yorkshire Police and Crime Commissioner.

Regional Collaboration is funded from contributions made by the four participating forces. Where there is deemed to be equal benefit the contribution is based on equal shares. Where benefit is not deemed to be equal, the level of contribution from each Force is dependant upon an assessment of the benefit to be derived from each specific project or initiative, primarily based upon net revenue expenditure proportions.

West Yorkshire Police and Crime Commissioner (WYPCC) publish memorandum accounts for the Regional Collaboration Programme within their Financial Statements. The memorandum accounts for 2012/13 show the following information:

	2012/13
	£'000
Staff Costs	8,957
Property related expenses	502
Supplies and services	2,725
Transport related expenses	545
Expenditure	12,729
Contributions	11,197
Other income – Home Office	1,663
Income	12,860
Surplus in year	131
Contributions	
West Yorkshire	4,796
South Yorkshire	2,740
North Yorkshire	1,504
Humberside	2,157
Total Contributions	11,197

The participating Commissioners have 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 and Crime Commissioner (SYPCC) has agreed to act as the lead force. Under this arrangement, SYPCC will employ police staff on a permanent, substantive basis and Police Officers will be seconded to South Yorkshire Police. The other Police and Crime Commissioners within the Yorkshire and Humberside Region have agreed to indemnify SYPCC to ensure that any costs are shared between them in the event of any employment tribunal or civil court claims related to regional employment.

Specific Home Office funding related to services delivered via the regional structure are shown within the contributions. Expenditure is included under the appropriate cost headings within the Comprehensive Income and Expenditure Statement "Net Cost of Services".

The total net expenditure of this Force during 2012/13 in relation to the Yorkshire and the Humber regional collaboration work was £1.6m, of which £1.6m was contributed directly to the Joint Arrangement managed by WYPCC.

Regional Collaboration costs have had the following impact on the CCNY Cost of Police Services shown on the face of the CIES.

Current Year	Share of Regional Expenditure £'000	CCNY Expenditure £'000	Total Expenditure £'000
Roads Policing	476	-	476
Operational Support	68	-	68
Intelligence	53	-	53
Investigations	670	-	670
Investigative Support	279	-	279
National Policing	-	711	711
Total	1,546	711	2,257

5. Retirement Benefits

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, CCNY offers retirement 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.

CCNY participates in three pension schemes:

- The Local Government Pension Scheme (LGPS) for Police Staff, administered by North Yorkshire County Council. This is a funded defined benefit final salary scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.
- Two Police Pension Schemes for Police Officers. These are unfunded defined benefit final salary schemes, meaning that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. The second scheme was introduced in April 2006 with the intention that joint contributions of employers and employees would finance the full costs of pension liabilities. All Police Officers recruited from April 2006 onwards will become members of the new scheme and the previous scheme has been closed to new members. The Group's participation in the Police Schemes is administered by Mouchel Business Services Ltd.

Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pension funds for the year is less than the amounts payable, the Group must annually transfer to the pension funds an amount required to meet the deficit. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by a central government pension top-up grant. If however the pension funds are in surplus for the year, the surplus is required to be transferred from the pension funds to the Group which must then repay the amount to central government.

Transactions Relating to Retirement Benefits

A charge is made by NYPCC equivalent to the current service cost which is the increase in the NYPCC liabilities as a result of years service earned this year. This charge is allocated in the Comprehensive Income and Statement to the services for which the employee worked.

6. Events after the Reporting Period

CCNY has considered events that have occurred since the Balance Sheet date, up to the date that the accounts have been authorised for issue. Other than as mentioned below, no events have been identified which could materially impact on the figures in these Financial Statements, nor which would require disclosure to maintain the fair presentation of the Financial Statements.

No material or significant events have occurred after the reporting period at the time of compiling these accounts which are not already referred to or which amend the content of the Statement of Accounts.

The Commissioner is required to provide the Home Secretary with a proposed Stage 2 transfer scheme by 16 September 2013. The Stage 2 scheme is a requirement of the Police Reform and Social Responsibility Act 2011. The scheme needs to contain the proposed transfer of staff to the Chief Constable, which has to be effected by 1 April 2014.

The Commissioner has considered the advice and the amount of outstanding technical issues that need to be resolved and concluded that a transfer will not be formally effected or proposed prior to the 1 April date. The intention of both the Commissioner and Chief Constable is to present a Stage 2 transfer scheme that includes both staff transfers and assets and liabilities. However the latter are dependant upon a number of technical issues that require national resolution and no proposals will be made in a premature fashion if there is a potential to create an accounting or impractical financial impact. The Commissioner and Chief Constable are committed to submitting an agreed position. There is also full commitment to consultation as the process of preparing a scheme develops.

7. Related Party Transactions

CCNY 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 CCNY or be controlled or influenced by CCNY. Disclosure of these transactions allows readers to assess the extent to which CCNY 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 CCNY.

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

Central Government

Central Government has effective control over the general operations of CCNY. It is responsible for providing the statutory framework within which CCNY operates, provides a substantial part of the funding in the form of grants (via NYPCC) and prescribes the terms of many of the transactions CCNY has with other parties.

Central Government has a role, together with the Police and Crime Commissioner and the Chief Constable, in the tripartite system of police governance.

Police and Crime Commissioner for North Yorkshire

NYPCC has control over the general operations of CCNY, although not over the details of operational policing. NYPCC provides all the CCNY funding.

Other Local Authorities (including Other Police and Crime Commissioners)

Local Government provides a proportion of the funding for the Group and previously nominated Members of the Authority. Transactions with the Yorkshire and Humberside Forces in respect of Regional Collaboration are set out in Note 4(b).

Key Management

Key Management of the Group are also classed as related parties. Key Management are considered to be senior officers (as defined in the Remuneration Report) and other persons having the authority and responsibility for planning, directing and controlling the activities of the Group, including the oversight of these activities.

Remuneration of Key Management is disclosed in the Group Remuneration Report.

Up to 22 November 2012, members of the Authority had control over CCNY's financial and operating policies. Members' allowances are disclosed in the Group Remuneration Report.

During the period up to 22 November 2012 accommodation and meeting facilities to the value of £nil were provided by a company controlled by one Member of the former Police Authority.

Senior police officers are members of the Association of Chief Police Officers (ACPO) and engage with ACPO on force business. During 2012/13 CCNY incurred subscriptions and other costs of £26k. NYPCC received £56k from ACPO in relation to reimbursement of costs of officers seconded to ACPO.

In the period up to 22 November 2012, CCNY paid rental and service costs of £nil to an organisation in which a former member of the Authority was employed.

CCNY purchased and received services to a value of £52k from, and provided services to the value of £35k to, organisations in which members (up to 22 November 2012) or senior officers had positions on the governing body. In all instances transactions were made with proper consideration of declaration of interest. The relevant members or senior officers 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.

**INDEPENDENT AUDITOR'S REPORT TO
THE CHIEF CONSTABLE OF NORTH
YORKSHIRE**

SUBJECT TO AUDIT

ANNUAL GOVERNANCE STATEMENT CHIEF CONSTABLE OF NORTH YORKSHIRE

This Annual Governance Statement (AGS) provides the position as at 31 March 2013. It describes the Chief Constable's governance environment. Where possible to do so the Chief Constable of North Yorkshire Police (the Chief Constable) and the Police & Crime Commissioner for North Yorkshire (the Commissioner) have adopted a joint approach to governance and the development of an enhanced internal control environment.

The Chief Constable is committed to delivering good governance and the five underlying business principles that have supported the Commissioners root and branch review of governance arrangements. These principles are:

1. Putting the public first

The new system allows the public to influence decisions before they are made. Previously decision-making was done in public, but in reality involved very little actual public participation. The Commissioner and the Chief Constable are also hosting quarterly public meetings at which members of the public can have a dialogue with both parties on matters of interest and concern.

2. Working in partnership with the Commissioner

With the introduction of the Executive Board, the Commissioner, the Chief Constable and their senior staff and advisors discuss and debate decisions together. This ensures both the Commissioner and the Chief Constable can be confident that decision-making is effective. It also minimises the risk of each 'blaming' the other should things go wrong as decisions are genuinely collaborative.

3. Minimising bureaucracy and encouraging innovation

The Commissioner and Chief Constable are jointly committed to ensuring resources are focused on frontline policing. The new system reduces the number of steps required to reach a decision, thus reducing bureaucracy and empowering teams to make appropriate local decisions. There is a clear commitment to facilitate innovation 'from the bottom up' through police officers and staff being able to come to the Executive Board and present their ideas.

4. A risk-based approach to scrutiny and performance

The police service has always monitored risk and there are numerous systems in place to manage risk. The new governance system puts operational, financial, legal and ethical risk at the heart of the corporate performance regime. This is supported by an entirely new Joint Independent Audit Committee and the Police and Crime Panel with specific responsibility for scrutinising the performance of the Commissioner.

5. Transparency

The Police Service is a public service and as such there is a clear commitment to transparently provide as much information as is feasibly possible in the public domain. This ranges from information about the services that North Yorkshire Police delivers, how to access them, what they cost, and how they perform. The key strategic decisions that represent a significant public interest are published on the Commissioners website. The Chief Constable and Commissioners websites already include information on senior salaries and expenses and will continue to be enhanced to provide clear accountability for public expenditure.

The scope and detail of the Annual Governance Statement is set out over 8 key themes that are set out over the pages that follow. The underlying business principles above run throughout the key themes.

For ease of illustration the key features of these arrangements along with any identified Areas for Development for progression during 2013 / 2014 are presented in tabular format insofar as they relate to:

1. The Chief Constable's arrangements for establishing and monitoring the achievement of objectives and arrangements for the performance management of the police service and reporting thereof
2. The Chief Constable's arrangements to identify, assess and manage the risks to achieving objectives.
3. Arrangements to facilitate policy and decision making for and on behalf of the Chief Constable
4. Arrangements for the Chief Constable to ensure the effective and efficient use of resources and assets
5. Arrangements for the Chief Constable to ensure compliance with established policies, procedures, laws and regulations
6. Arrangements for the management of the Chief Constable's financial affairs
7. The Chief Constable's arrangements to extend governance principles to partnerships
8. The Chief Constable's arrangements for consulting and engaging with stakeholders.

These are considered alongside the joint arrangements that the Chief Constable and the Commissioner have developed for Decision Making and Scrutiny. These joint arrangements are described in detail in the Commissioner's Annual Governance Statement (AGS). As such the governance environment described in the Commissioner's AGS reflect the provisions made by the Chief Constable in that respect.

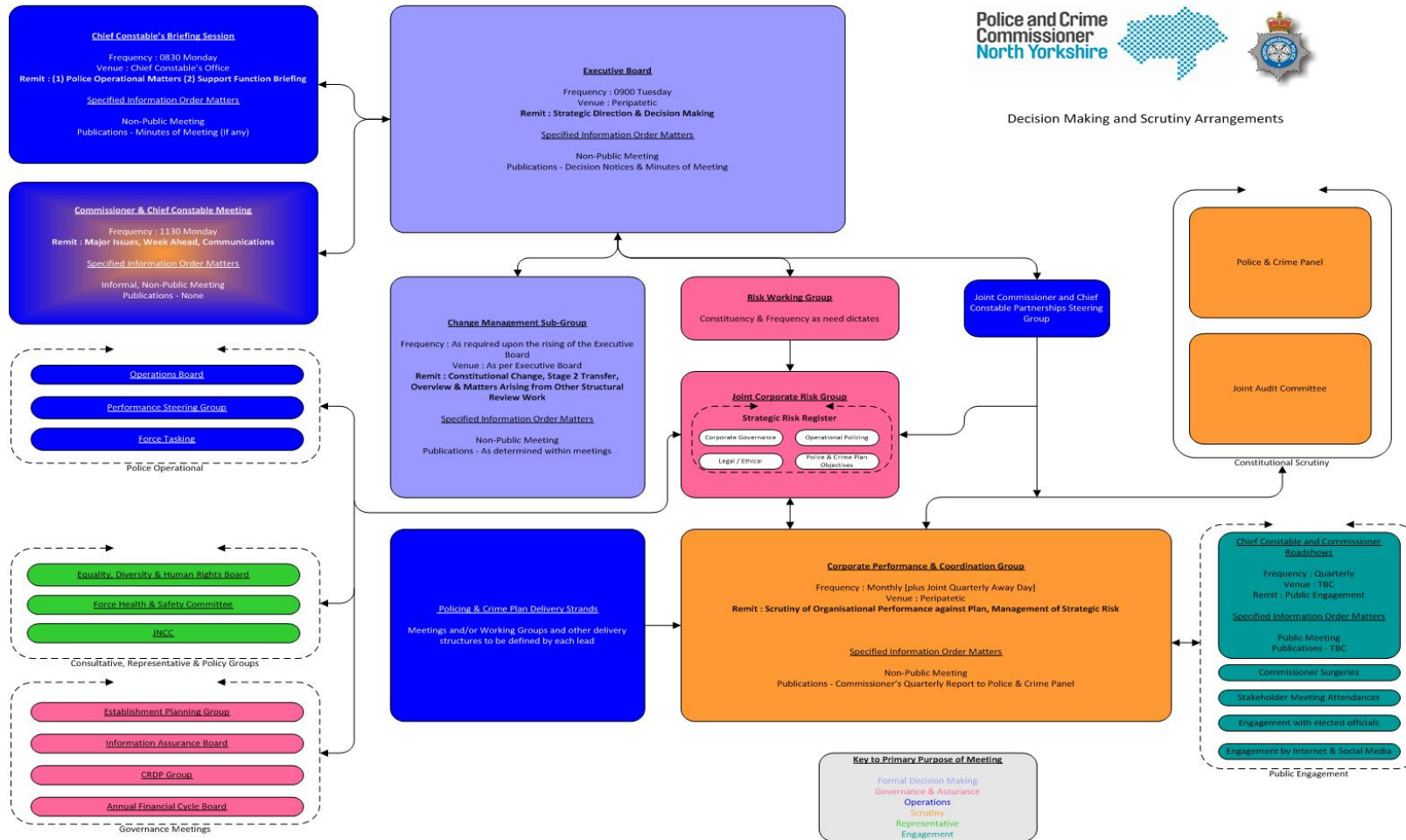
The Chief Constable was established as a Corporation Sole in November 2012. At that point the Chief Constable assisted the Commissioner in undertaking a root and branch review of the strategic decision making and scrutiny arrangements, building upon a non statutory memorandum of understanding concluded between the Commissioner and Chief Constable upon the Commissioner taking office. The result of the Strategic Leadership, Statutory Officers, Decision Making and Senior Management review was the establishment of a collegiate approach to decision making between the Commissioner and the Chief Constable; facilitating the Commissioner's involvement and influence over concepts and initiatives at an early stage and allowing her office to engage the public in consultation over matters of significant public interest whilst respecting the operational independence of the Chief Constable.

By law the Chief Constable is responsible for operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements for the governance of the Force. It is however the Commissioner who is required to hold him to account for the exercise of those functions and those of the persons under his direction and control. This is done in a manner that recognises the commitment of the Commissioner and Chief Constable to abide by the working principles of the Policing Protocol as set out in the Schedule to the Policing Protocol Order 2011.

The model of Decision Making and Scrutiny Arrangements is represented in schematic form below.



Decision Making and Scrutiny Arrangements



Statement of Principles

The Commissioner and Chief Constable, in developing this framework, have been mindful of the Nolan Principles of public life and have constructed Business Principles for delivery of services to complement these themes.

Nolan Principles

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

Business Principles

- Putting the public first
- Working in partnership with the Commissioner
- Minimising bureaucracy and encouraging innovation
- A risk based approach to scrutiny and performance
- Transparency

The key features of the model that facilitate the intended method of working include:

Executive Board

To make informed strategic decisions following appropriate level of community engagement and incorporating feedback.

Joint Corporate Risk Group

Jointly chaired by the Deputy Chief Constable and Commissioner's Chief Executive Officer to oversee and ensure that activity is focussed on delivering according to risk and that risk is managed in a collective way in line with the joint Risk Management Strategy.

This Group will own the Strategic Risk Register and ensure sufficient organisational understanding of its contents.

Risks and mitigating action required will be brought to the attention of the Commissioner and the Chief Constable via the Corporate Performance and Co-Ordination Group.

Police and Crime Plan Delivery Strands

The Strand Leads shall establish delivery mechanisms appropriate to the objectives. The intention is to ensure that there is cross organisational contribution to the achievement of the Police and Crime Plan objectives. It is not simply a case of objective owners being responsible for delivery, the approach is that each area of the organisation will be required to demonstrate how they are contributing to the Police and Crime Plan objectives.

Corporate Performance and Co-Ordination Group

Jointly chaired by the Commissioner and the Chief Constable. The group will scrutinise performance and will do this via a risk based approach. It will focus on the risks pertinent to the delivery of the plan objectives and any emerging themes from the Corporate Risk Register infrastructure.

Future considerations will include the expansion of this model beyond NYP into the wider aspects of the Commissioner's role.

Over time the approach will develop into a focus on six months ahead and with increasing focus on risk awareness and prevention. The style is one which supports a learning environment.

Joint Independent Audit Committee

The Joint Independent Audit Committee supports both the Commissioner and Chief Constable. It provides an additional assurance mechanism on the overall governance arrangements and adopts a critical friend approach.

Police and Crime Panel

The Police and Crime Panel is a valuable resource and is responsible for scrutinising the Commissioner, promoting openness in the transaction of Police business and also supporting the Commissioner in the effective exercise of their functions.

The Panel has a range of statutory functions and whilst these are distinct and separate from the Commissioner the role that the panel has to play in enabling the effective delivery of the totality of policing in North Yorkshire is recognised and respected.

The following table describes the key elements of the systems and processes that comprise the governance arrangements that have been put in place by the Chief Constable. This reflects the provisions included in the Commissioner's AGS, however there is amplification on some aspects that are wholly discrete to the Chief Constable.

	Chief Constable's Arrangements	Police & Crime Plan Goals	Areas for Development
1.	The Chief Constable must have arrangements for monitoring the achievement of the vision, goals and outcomes contained in the Police and Crime Plan and arrangements for performance management of the police service in that regard.		
1.1	<p>The Chief Constables Community Engagement arrangements have developed through the introduction of the intranet based Community Engagement log which captures on ongoing basis details of the interaction with the Community by district.</p> <p>Benchmarking activity has been undertaken across districts in order to enable monitoring of the level of engagement within districts.</p> <p>The Chief Constable has been exploring opportunities to place victims of crime at the heart of service delivery in a manner that is complementary to the "People First" goal within the Police and Crime Plan and the Service Standards. An innovative new concept has been developed in the creation of a "customer contract" which enables victims to directly influence the extent and frequency of contact from NYP. This has been received positively during a pilot period, further role out awaits formal approval.</p> <p>Recent development in relation to safeguarding functions are evident from the investment to deliver a Sexual Assault Referral Centre (SARC), a Multi Agency Safeguarding Hub (MASH) and Central Referral Unit (CRU). These resources and the increased capacity in the Protecting Vulnerable Persons (PVP) Unit enable an enhanced level of service to vulnerable individuals in our communities.</p>	<p>1. Reduce harm</p> <p>2. Put people first</p>	<p>Continued development of the Community Engagement arrangements to ensure service delivery is community focussed.</p> <p>Service Standards are under review with a view to replacement in a manner that allows enhancement of customer service focused on individual need. This will promote a the delivery of a personal service in support of the put people first goal.</p>
1.2	<p>The Commissioner sought feedback from communities prior to the publication of the Police and Crime Plan 2013 – 2017. It is recorded in the plan that the Commissioner shall regularly review the plan in order that it continuously reflects community crime and community safety priorities.</p> <p>The plan lists a variety of ways in which the Commissioner shall engage with and feedback to the community. This engagement activity is integral to the ongoing development and review of the plan to ensure that it may be refined in order to continuously reflect the needs of the communities of North Yorkshire and deliver the Be safe, feel safe vision.</p> <p>Further details of the arrangements to discharge the Commissioner's obligation to engage with the communities she serves (so as to carry into effect the legitimate desires and aspirations of the public) are set out later in this table at section 8.</p>	<p>2. Put people first</p>	<p>Completion of quarterly performance reviews against the Police and Crime Plan Deliverables (PCP).</p> <p>Embedding the new decision-making and scrutiny arrangements ensuring public consultation in incorporated at the earliest opportunity.</p> <p>Develop mechanisms to enable the monthly Corporate Coordination and Performance Group to discharge its terms of reference to monitor and scrutinise performance and to determine and embed priorities to support the achievement of objectives.</p> <p>Establish a schedule of quarterly public meetings ("Roadshows") at which performance is scrutinised.</p> <p>Establishment a working rapport with the Police & Crime Panel in the scrutiny of the Commissioner's activities.</p>

			To continuously exploit community engagement opportunities.
1.3	<p>A Medium Term Financial Plan (MTFP) is updated quarterly and incorporated into budget reports and quarterly out turn reports. These will be reported to the Corporate Performance and Coordination Group.</p> <p>The MTFP is complemented by the Workforce Plan which provides the required link between financial and people planning. This is supported by the calendar of recruitment activity which schedules recruitment and promotion activity in response to organisational financial requirements.</p>	<p>1. Reduce harm</p> <p>3. Deliver more with less</p> <p>5. Drive justice</p> <p>6. Police UK</p>	<p>The development of the MTFP will incorporate the extended areas of the Commissioner's responsibility for Policing and Crime Prevention in North Yorkshire.</p> <p>Future strategic planning activities will build on existing Partnership arrangements and where appropriate commission alternative delivery methods. Specifically this will incorporate the identification of how partnership plans and related innovations contribute towards the "More with Less" goal of the Police and Crime Plan. The associated funding and resource requirements will be built in to the MTFP.</p>
1.4	<p>The Commissioner and Chief Constable are committed to working in Partnership to deliver the shared vision and goals of the Police & Crime Plan. Delivery will be supported by the Decision Making & Scrutiny Arrangements in order to identify key areas and investment need.</p> <p>Where the opportunity exists to develop Joint Strategies, this will be embraced in order to support the business model adopted by the Commissioner and Chief Constable.</p>	<p>3. Deliver more with less</p> <p>4. Fit for the future</p>	<p>The development and review of Joint Corporate Strategies will be required to ensure the full remit of the Commissioner's responsibilities is satisfied, for example, a Commissioning Strategy.</p>
1.5	<p>A planning and forecasting tool has been developed to support the delivery of the Police and Crime Plan. This is subject to regular refinement in order to ensure that its component elements remain mutually complementary. These include the Medium Term Financial Plan, the Medium Term People Plan, Corporate Strategies and the Capital & Revenue Development plan. This informs annual budget setting and progress is subject to appropriate scrutiny through the Performance Management Framework.</p>	<p>1.Reduce harm</p> <p>4. Fit for the future</p> <p>5. Drive Justice</p> <p>6. Police UK</p>	<p>The planning and forecasting tool requires the incorporation of commissioning and partnership activity to ensure the full remit of the Police and Crime Plan. This will have particular focus on delivering "More with Less" and ensuring that policing in North Yorkshire is "Fit for the Future".</p>
1.6	<p>A Corporate Performance & Co-Ordination Group (CPCG) has been established and meets monthly in order to enable the Commissioner to:</p> <ul style="list-style-type: none"> • scrutinise, on behalf of the community, information pertaining to North Yorkshire Police performance in relation to the delivery of Police and Crime Plan 	<p>1. Reduce harm</p> <p>5. Drive justice</p>	<p>The Corporate Performance and Coordination Group has to develop and define how performance will be managed and reported. The precise method for delivering the product of CPCG scrutiny to inform the deliberations of the Police & Crime Panel needs to be settled upon and brought into effect in line with the performance, accountability and public accessibility elements of the Police and Crime Plan.</p>

	<ul style="list-style-type: none"> • hold the Chief Constable to account for the delivery of the Police and Crime Plan. <p>The Corporate Performance & Coordination Group is designed to develop a risk based basis for performance management and scrutiny. This will be the basis of onward reporting for consideration of the Police & Crime Panel.</p> <p>The Chief Constables Corporate Performance regime has continued to deliver improvements in performance throughout 2012 – 2013.</p> <p>The key features of this regime included;</p> <p>Quarterly Challenge Day, (which set (6 monthly) and reviews progress on the control strategy objectives, based on, intelligence, partnership information and risk.) SDay – revamped re suggest consideration by TM</p> <p>Performance Steering Group (monthly), this group considers the Force level dataset to focus on exceptions and seek to understand the causes for these.</p> <p>Force Tactical Tasking (monthly), undertakes the alignment of operational resource to current priorities.</p> <p>Operations Board (monthly), to focus on non tactical elements of force performance, for example sickness, recruitment and health & safety.</p> <p>These meetings are supplemented by the individual Monthly Performance Review process.</p>	<p>6. Police UK</p>	<p>To confirm the arrangements for refreshment of control strategy objectives so that these are mutually complementary to Performance and Coordination activity.</p>
<p>2. The Commissioner and Chief Constable are fully committed to delivering against and achieving the outcomes of the Police and Crime Plan. Risks are always present and may have operational, financial, legal or reputational impacts. Effective management of these risks is important and there is a strategic commitment to work in away that balances risk aversion and risk taking. The Commissioner and Chief Constable have the following arrangements to identify, assess and manage the risks to achieving objectives.</p>			
<p>2.1</p>	<p>The Commissioner and Chief Constable have enhanced the approach to risk management in a manner that allows additional support for decision making and to reflect the change to the governance regime. Refinements consequent to the review of the Commissioners senior executives are to be incorporated into a revised strategy for formal adoption by the Commissioner and Chief Constable in early course.</p> <p>The changes place risks and opportunities arising from business meetings at the heart of performance and scrutiny functions in a way that supports the continued delivery of business objectives and Police and Crime Plan goal outcomes for the communities of North Yorkshire.</p>	<p>4. Fit for the future</p>	<p>Finalisation and formal adoption of the joint Risk Management Strategy for the Commissioner and the Chief Constable which sets out the intention to engage frankly with organisational risk.</p> <p>Embedding the new way of managing risk that forms a key part of performance management and scrutiny function.</p> <p>Identification and recording of the key strategic risks and opportunities emerging from:</p> <ul style="list-style-type: none"> • recent and ongoing changes to the structure of the Commissioners senior executives • the need to promote the cultural change to ensure success of the new ways of working

			<ul style="list-style-type: none"> • successfully delivering change whilst continuing to discharge 'business as usual' activities • new concepts and initiatives that present themselves as a means to the discharge of the Commissioner's functions • Reflecting the relevant aspects of the respective Governance statements in a manner that is conducive to active monitoring by relevant groups.
2.2	<p>The Commissioner has extended (until March 2014) the contract for the provision of Internal Audit services from the West Yorkshire Police and Crime Commissioner to both the Commissioner and the Chief Constable of North Yorkshire Police.</p> <p>The Commissioner and Chief Constable have established an Independent Audit Committee in line with the Financial Management Code of Practice. The detailed arrangements for the operation of the Joint Independent Audit Committee are set out in its terms of reference.</p>	4. Fit for the future	<p>Ensure that the Risk Management and Internal Audit functions are sufficiently integrated in a manner that enhances the Commissioner and Chief Constable joint internal control environment.</p> <p>This will include active engagement of the internal audit function at relevant governance meetings.</p> <p>The annual work programme will require consideration of the incorporation of partnership activity.</p> <p>The audit schedule has now been published.</p> <p>Ensure that the deliberations of the Joint Corporate Risk Group consider emerging themes pertinent to operational risk that may require utilisation of audit resource.</p>
2.3	<p>Business Continuity Planning arrangements are in place to ensure the continued delivery of critical functions. Where necessary refinements are in hand to reflect emerging organisational structures and will be further developed to ensure continued delivery during transitional activity.</p>	4. Fit for the future	<p>Ensure that business continuity plans continue to ensure organisational resilience during and subsequent to any structural changes.</p>
2.4	<p>The former Internal Control, risk & Compliance Group has now been reconstituted as a Risk Working Group, able to conduct its deliberations on a Legally Professionally Privileged basis. The Group will inform and "feed" the Joint Corporate Risk Group</p>	4. Fit for the future	<p>Ensure that business continuity plans continue to ensure organisational resilience during and subsequent to any structural changes.</p>
2.5	<p>The arrangements for the collation and dissemination of points of organisational learning from a range of sources are delivered under the auspices of Professional Standards.</p> <p>The Commissioner and Chief Constable recognise that there are many opportunities for, and internal and external sources of Organisational Learning.</p>	<p>1. Reduce harm</p> <p>2. Put people first</p> <p>4. Fit for the future</p>	<p>A recently published West Yorkshire Internal Audit report recommended the greater involvement of other departments in the dissemination and implementation of Organisational Learning. In particular changes to procedures and practices which arise from lessons learned and it is therefore envisaged that a "whole Force" approach to organisational learning will be adopted in future.</p> <p>The Joint Corporate Risk Group shall explore opportunities to communicate points of organisational learning in a manner that supports the Commissioner's "people first" goal. These include;</p> <ul style="list-style-type: none"> • Problem Solving Plan outcome measures that are reviewed against activity and then shared as best practice (for example a specific operation at York where practices were then shared across the force to support crime reduction and prevention initiatives)

			<ul style="list-style-type: none"> • Operations shared at Force TT&CG or Ops Board that are good examples of best practice (documented through the minutes and actions and scrutiny of the actions being completed). • Formal debriefs from operations (e.g. firearms or policed events) • Peer group sharing of good practice across a function (for example in R&R where monthly team briefings are formulated and cascade briefed across the function and sometimes to other functions that highlight learning or best practice)
2.6	<p>The Commissioner has indicated her wish to ensure that matters relating to the handling of complaints against police (in particular, the investigation of complaints against police) are conducted with the maximum degree of independence from the Force in order to reassure the public that the Police will not be investigating their own potential default, when complaints are made.</p> <p>The final shape and structure of the arrangements for Complaints, Standards and Ethics within NYP has yet to be decided upon. A decision in this regard has a partial dependency upon the Home Secretary's anticipated announcement in respect the proportion of Police Force Professional Standards Department funding that she wishes to transfer to enhance the Capacity and Capability of the Independent Police Complaints Commission.</p>	2. Put people first	<p>In delivering the Commissioner's "people first" goal and specifically the stated intentions of assurance and transparency, the Commissioner and Chief Constable will adopt a statement of intent that seeks to define the direction of travel toward the Police and Crime Plan objective to achieve the maximum degree of independence and transparency in complaints handling and investigations.</p>
<p>3. The Commissioner has undertaken a fundamental review and established new arrangements to facilitate policy and decision making. A critical aspect of the new arrangement is the intention to consult and engage with communities on major strategic decisions and to make such decisions in a consultative and transparent manner. Senior Management focus has been placed on ensuring that the arrangements to ensure compliance with established policies, procedures, laws and regulations by the Commissioner are robust. This has included a review of Senior and Statutory Officers roles and the way in which decision making is discharged.</p>			
3.1	<p>A policy of joint working has been implemented this includes an Executive Board to set strategy for both organisations and allows for joint consideration of decisions that are retained by the Commissioner. The arrangements in the latest iteration have had effect since 1 May 2013.</p> <p>The Scheme of Delegation sets out how the Commissioner has arranged for the exercise of the statutory functions of a Police and Crime Commissioner pursuant to The Police Reform and Social Responsibility Act 2011. It specifically details:</p> <ul style="list-style-type: none"> • the arrangements made by the Commissioner for persons to carry out functions on behalf of the Commissioner • how decisions are made and by whom • practical arrangements for ensuring the most efficient discharge of the Commissioner's functions, whilst ensuring that relevant professional advice has been sought • arrangements for recording and publication of decisions 		<p>The development of an additional interactive tool for officers and staff will be developed to enhance the existing policies and procedures that support current regulations. This internal tool will provide a user friendly system for identifying key delegations and associated approval routes.</p>

	The Scheme of Delegation is supplemented by the Commissioner's Financial Regulations, Contract Regulations and Property Procedure Rules. These set out in more detail parameters by which those with delegated powers shall operate and exercise responsibility for the proper administration of the Commissioner's affairs.		
3.2	The Police and Crime Panel convenes regularly throughout the year and provides a valuable scrutiny and support function to the Commissioner. The statutory regime sets out the powers and duties of the Police and Crime Panel.	4. Fit for the future	Embed and enhance the Commissioner's positive working relationship with the Police and Crime Panel. Ensure that the scrutiny of performance at the Corporate Performance & Coordination Group is made available to the Police and Crime Panel in an appropriate form in order to enable their scrutiny of the arrangements and in turn its scrutiny of the Commissioner.
3.3	The Joint Independent Audit Committee has been established. This body provides assurance in relation to the systems of internal control utilised by the Commissioner and Chief Constable.	3. Deliver more with less 4. Fit for the future	Build positive relationships with the new member(s) and Chairman. Ensure the Audit Committee understand, support and derive assurance from the enhanced joint corporate risk management arrangements. A risk based programme of work is being developed to complement the Decision Making and Scrutiny arrangements.
3.4	The Memorandum of Understanding between the Commissioner and the Chief Constable reflect how it is envisaged that the Policing Protocol will be given effect in the delivery of Policing services in North Yorkshire. By law the Chief Constable is responsible for operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements for the governance of the Force. It is however the Commissioner who is required to hold him to account for the exercise of those functions and those of the persons under his direction and control. This is done in a manner that recognises the commitment of the Commissioner and Chief Constable to abide by the working principles of the Policing Protocol as set out in the Schedule to the Policing Protocol Order 2011.	1. Reduce harm 2. Put people first 3. Deliver more with less 4. Fit for the future 5. Drive justice 6. Police UK	Keep the Memorandum of Understanding under constant review and ensure that the necessary scheme of governance is developed and adopted to reflect the governance and delivery settlement arrived at pursuant to Stage 2 transfer.
3.5	The Commissioners Statutory Officers are identified in the Scheme of Delegation. These officers have specific designated duties in order to ensure that the Commissioner's functions are conducted lawfully and that the use of resources demonstrates value for money. Protocols are in place for these roles.	4. Fit for the future	To conduct a review of these arrangements in 6 months in order to take account of how their effectiveness and identify any emerging risks and issues.

3.6	<p>Arrangements for a declaration of Disclosable Interests including gifts and hospitality have been adopted by the Commissioner. These arrangements are included in the Code of Conduct for the Police and Crime Commissioner.</p> <p>There are comprehensive arrangements in place for the Commissioner's staff and Police Officers in the Gifts, Gratuities and Hospitality procedure. These have been revised and enhanced in light of the recommendations arising from the HMIC's integrity related "Without Fear or Favour" report.</p> <p>As part of the Final Accounts process, Related Party Transaction details are sought from senior officers and staff in both organisations.</p>	2. Put people first	<p>Enhance the arrangements for monitoring and ensuring compliance on an ongoing basis in a manner that matches the stated Police and Crime Plan Commitment to performance, accountability and public accessibility.</p> <p>The Commissioner has committed to publishing all items of expenditure over £500 in this regard.</p>
<p>4. Having arrangements for ensuring the economical, effective and efficient use of resources and assets is essential to delivering the goals and outcomes of the Police and Crime Plan. This goes to the heart of the "people first" and "fit for the future" aspects of the police and crime plan</p>			
4.1	<p>The Medium Term Financial Plan continues to be developed in order to address the funding requirements of policing demands in North Yorkshire.</p> <p>The Commissioner has approved a Treasury Management Strategy which sets out the management approach to investment and cash flow and the management of risk in that regard.</p>	<p>3. Deliver more with less</p> <p>4. Fit for the future</p>	<p>The Commissioner and Executive recognise there significant financial challenges in future. This remains under constant review in relation to the delivery of the Police and Crime plan.</p>
4.2	<p>Revisions to the Financial Regulations and the Devolved Resource Manual have been implemented to reflect the changes in the Governance environment.</p>	<p>3. Deliver more with less</p> <p>4. Fit for the future</p>	
4.3	<p>The statutory Chief Finance Officers carry out regular reviews of the management accounts and the Capital & Revenue Development Programme (CRDP) out turn. Additional scrutiny is provided for at the Annual Financial Cycle Board and the CRDP Delivery Board. The key features of these reviews are incorporated into quarterly out turn reports to the Corporate Performance & Coordination Group.</p>	<p>1. Reduce harm</p> <p>2. Put people first</p> <p>3. Deliver more with less</p> <p>4. Fit for the future</p> <p>5. Drive justice</p> <p>6. Police UK</p>	<p>There is commitment from the Executive Board to actively consider the forecasted out turn and target resources at activities in support of the Police and Crime Plan as the year progresses. Opportunities will be maximised where efficiencies are identified in order to invest in the following areas;</p> <ul style="list-style-type: none"> • Proactive police initiatives • Reassurance police initiatives • Crime prevention initiatives <p>These shall be targeted and focussed to address community priorities identified within the Police and Crime plan.</p>

4.4	<p>The Quarterly Management Accounts reports will be submitted to the CPCG. The annual Statutory Statement of Accounts and associated Management Accounts Final Outturn reports are presented to Executive Board.</p> <p>The CPCG has the relevant Commissioner and Force senior management representation to effectively scrutinise these reports.</p> <p>The implications of Management Accounts and Final Outturn reports are incorporated into the Quarterly MTFP updates presented to Executive Board.</p>	<p>3. Deliver more with less 4. Fit for the future</p>	
4.5	<p>A Fundamental part of the decision making and scrutiny arrangements is the inclusion within related decision making proposals the requirement to explain business benefits.</p>	<p>1. Reduce harm 2. Put people first</p>	<p>Continue to ensure that Public consultation remains at the forefront of the decision making process.</p>
4.6	<p>The 2013/14 budget has been balanced by the removal of further efficiencies.</p>	<p>3. Deliver more with less 4. Fit for the future</p>	<p>Significant budget gaps remain for future years despite prudent provision for loss of central government grant anticipated as a result of the upcoming Comprehensive Spending Review. Work is in progress to identify the most practical method of delivering further efficiencies to cover these gaps.</p> <p>The gap has been identified as having a range between £1.5m to £4.5m for 2014/15 based on a range of assumptions. The Commissioner recognises the need for engagement needed at national level via the Home Office and Local MPs</p>
4.7	<p>The Commissioner's Asset Management Strategy is complemented by rolling replacement programmes for property, vehicle and IT assets. These continue to inform the development of the Capital and Revenue Development Programme. As before these are utilised to inform the Medium term planning.</p> <p>The Asset Management Strategy is underpinned by a number of strategies and work streams. In respect of the Estates and Transport functions, the programmes are mature and have been in place for a number of years in respect of the maintenance and repair of the estate and vehicles and the replacement of vehicles via an annual replacement programme. Additionally, the Estates strategy looks at estates assets to determine if those assets are effectively supporting operational service delivery and securing best value for the organisation. This approach underpins the acquisitions and disposals work streams within the Estates Function. A high level review has been undertaken, and a full evaluation underway to consider the future needs of the organisation, alongside the commercial, financial and economic implications of the proposed re-provision. This evaluation would consider feasibility and detailed costs.</p>	<p>3. Deliver more with less 4. Fit for the future</p>	<p>The IT strategy is less well developed and currently subject to review. The desire to move toward a mobile workforce, supported by a robust technical infrastructure and appropriate assets will undoubtedly form a significant part of the Asset Management Strategy as the organisation moves towards a Role Based Assets delivery model.</p> <p>IT strategy will be developed by Autumn 13 in line with the operation vision for mobile working. Work is ongoing on role based asset and development activity will continue when the responsibility for role based assets transfers to Head of Workforce Support Services. This will inform the content of an IT asset capital rolling programme in future.</p>

	<p>The Commissioner has given active consideration to the development of a Northern Base. A proposal was developed to look at re-provision of the Northallerton Police Station and the very old and outdated custody suite in that facility. As the Headquarters (HQ) facility is in the same locality (and had been identified in the Estates Strategy as a facility that should be considered for re-provision) it is logical to consider the HQ site alongside the Northallerton Police Station and custody suite re-provision in order to secure the benefits that would arise from having a single facility to accommodate both functions.</p> <p>A high level review has been undertaken, and a full evaluation underway to consider the future needs of the organisation, alongside the commercial, financial and economic implications of the proposed re-provision. This evaluation would consider feasibility and detailed costs.</p>		<p>The necessary work to prepare for the establishment of a new Northern base, will continue.</p> <p>These are activities that support the Police and Crime Plan "fit for the future" goal.</p>
4.8	<p>Organisational transition has continued by virtue of the change in the strategic governance arrangements for the police service.</p> <p>Implementation of changes continues as the impact of the recent Strategic Management changes is translated to the next levels of management.</p>	<ol style="list-style-type: none"> 1. Reduce harm 2. Put people first 3. Deliver more with less 4. Fit for the future 5. Drive justice 6. Police UK 	<p>The preparation of a Stage 2 transfer scheme will engage further transitional considerations. Arrangements for monitoring the implementation of additional transition are to be settled.</p> <p>Opportunities for collaboration with other North Yorkshire public sector partners are being explored in line with the Fit for the Future goal.</p> <p>Development of the Change Management sub-group as a mechanism for monitoring the implementation of reviews / changes within Force in continuing to improve service provision.</p> <p>To consider and act on the recommendations of the Head of Crime in relation to the restructure of that aspect of operational delivery. The recommendations will consider in particular emerging demands arising in Safeguarding activity and Serious Crime</p>
4.9	<p>Understanding, addressing and efficiently meeting demand through preventative and commissioning activity.</p> <p>The Chief Constable has increased capacity within the Force specialist Protecting Vulnerable People (PVP) unit.</p>	<ol style="list-style-type: none"> 1. Reduce harm 2. Put people first 	<p>To consider the development of demand profiling activity. This will include consideration of an objective mechanism for developing a better understanding of productivity.</p> <p>To develop a mechanism to inform professional judgement on the range of services provided in the context of financial constraints.</p>
<p>5. There is acknowledgement and commitment from key role holders to take personal responsibility in executing their functions with probity and the utmost integrity. In doing so they embrace and promote the Nolan principles (Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty, Leadership). They further undertake to utilise the law to appropriate effect in pursuit of the organisations objectives</p>			
5.1	<p>As per 3.5 above the Commissioner has appointed a Monitoring Officer (the Commissioner's Chief Executive Officer) as set out in the Scheme of Delegation and Monitoring Officer Protocol.</p> <p>Similarly the Commissioner and the Chief Constable have appointed Chief Finance Officers pursuant to paragraph 6(1)(b) of Schedule 1 to the Police Reform and Social Responsibility Act 2011.</p>	<ol style="list-style-type: none"> 4. Fit for the future 	<p>The newly appointed Chief Executive Officer and the Head of Legal Services shall undertake a review of the monitoring officer protocol in early course.</p>

5.2	The Scheme of Delegation and supporting instruments which detail the expectations of those empowered to make decisions under that scheme are published on the Commissioner's website and on the intranet.	2. Put people first	
5.3	The arrangements for dealing with complaints against Police Officers and police staff are set out in recently revised regulations and IPCC statutory guidance. In addition NYP publish a local complaints procedure which reflects statutory arrangements. There is a standing invitation for the Commissioner or her delegate to inspect complaints files and other Professional Standards records.	2. Put people first	The revised arrangements for dealing with complaints contain a greater emphasis upon the local resolution of complaints and have resulted in a considerably enhanced workload for PSD's as a result of transfer of the responsibility for dealing with the majority of complaint related appeals from the IPCC to Police Forces.
5.4	The Chief Constable has Anti-Fraud, Anti-Corruption and Confidential Reporting Arrangements which provide for the Head of Professional Standards to co-ordinate this aspect of affairs. The Anti-Fraud, Anti-Corruption and Confidential Reporting Arrangements procedure is readily available to staff.	2. Put people first 5. Drive justice	There has been an exponential year on year rise of use by members of NYP of the Anonymous Messenger system the existence of which contributes to reassurance for the organisation and contributes to the creation of an unsafe environment for those who may choose to act corruptly. It is essential that these arrangements remain in place and continue to be regularly promoted.
5.5	Awareness Raising in relation to the Anonymous Messenger and other reporting systems is promoted by the Head of Professional Standards.		
5.6	Arrangements for the servicing of requests for information pursuant to the Data Protection Act and Freedom of Information Act are co-ordinated by the Civil Disclosure Unit. The Commissioner has committed to meeting and where possible exceeding under the Elected Local Policing Bodies (Specified Information) Order.	2. Put people first	Completion of the Commissioner's new website to incorporate the products of the review of transparency and compliance undertaken by the legal advisors.
5.7	The provision of Equality and Human Rights compliance advice to the Commissioner and Chief Constable is provided under the auspices of Legal Services. This is focussed on compliance in a manner that permits the seizure of opportunities for people from minority groups to actively contribute to the development of improved, inclusive policing services. The EDHR Leadership Board continues to meet regularly to co-ordinate the joint approach to such matters.	2. Put people first	Develop the role of the Equality, Diversity and Human Rights Board so that emerging opportunities for community engagement can be considered by the Executive Board where necessary.
5.8	Changes in the structure of North Yorkshire Police envisage the transfer of management of the Chief Constable's Delivery Unit (CCDU) from Professional Standards to Organisational Development under the leadership of the Commissioner's Chief Finance Officer. The administration of Policies and Procedure will therefore also be transferred.		
5.9	The monitoring of organisational maturity with respect to the national Information Assurance Maturity Model is overseen by the Information Assurance Board.	4. Fit for the future	To revise the terms of reference of the Information Assurance Model can adequately discharge its functions in light of changes consequent to stage 2 transfer.

6. The arrangements for the management of the Chief Constable's financial affairs have been put in place and the Statutory officer arrangements will be subject to a 6 month assessment. Ongoing scrutiny is arranged for the forthcoming period and an audit schedule has been approved and published.			
6.1	<p>The Commissioner has approved Financial and Contract Regulations, Property Procedure Rules and a Scheme of Delegation which set out a framework within which the Financial affairs of the Commissioner and the Chief Constable are managed.</p> <p>The statutory Chief Finance Officers have responsibility for the overall management, monitoring and control of the financial affairs of the Commissioner and the Chief Constable.</p> <p>These arrangements have shared access to the resources of the Finance team and their statutory responsibilities and working relationship is supplemented by a Chief Finance Officer Protocol and Information Sharing Protocol.</p> <p>The Commissioner has adopted Treasury management policies and procedure which comply with the "Code of Practice for Treasury Management".</p>	<p>3. Deliver more with less</p> <p>4. Fit for the future</p>	As part of adopting a learning approach, a review of the arrangements as for their efficiency shall be undertaken in 6 months.
6.2	<p>The statutory duties of the Monitoring Officer and the Chief Finance Officers in relation to financial management derive from five principal sources:</p> <ul style="list-style-type: none"> o Section 151 of the Local Government Act 1972 o Section 114 of the Local Government Financial Act 1988 o Local Government Act 2000 (particular decisions contrary to policy or budget) o Local Government Act 2003 (prudential limits for borrowing and investment) o Accounts and Audit Regulations 2003 (as amended) 	<p>3. Deliver more with less</p> <p>4. Fit for the future</p>	
6.3	<p>A Statutory Code of Practice is in place for financial administration within the police service setting out the respective responsibilities of the Commissioner the Chief Constable and the Statutory Officers. Within the North Yorkshire Police Service, the Commissioners Chief Finance Officer is the principal advisor to the Commissioner on all financial matters. In NYP financial advice to the office of the Chief Constable is provided by the Chief Constable's Chief Finance Officer who is also a member of the Executive Board.</p>	<p>3. Deliver more with less</p> <p>4. Fit for the future</p>	
6.4	<p>The Chief Constable's Chief Finance Officer drafts the Medium Term Financial Plan as part of the annual budget report and quarterly out turn reports and presents it to the Corporate Performance & Coordination Group. The Commissioner's Chief Finance Officer ensures production of the necessary financial information to support the Commissioner in considering and approving the Revenue Budget, Precept, Capital Plan, Efficiency Plan and Treasury Management Position annually and amendments during the year as required.</p>	<p>3. Deliver more with less</p>	

	The Commissioner's Chief Finance Officer is responsible for determining the accounting procedures, the form of financial records and statements and for maintaining the financial accounts of the Group and seeks assurance from the Chief Constable's Chief Finance Officer in that regard. The Chief Constable's Chief Finance Officer ensures that proper accounting arrangements are established throughout the Force. The Chief Constable's Chief Finance Officer is responsible for the satisfactory operation of financial and accounting systems within North Yorkshire Police and the Commissioner's Chief Finance Officer undertakes this role for the Commissioner.	4. Fit for the future	
6.5	A Devolved Resource Manual has been updated and maintained under the new governance arrangements. The Commissioner and the Chief Constable will publish annual statements of account that conform to all statutory and professional requirements, codes of practice and timetables	3. Deliver more with less 4. Fit for the future	The development and incorporation of partnership working will require consideration at the next six monthly cycle of review of the DRM.
6.6	Mazars LLP have been appointed auditors to both organisations for 2012/13. They will publish annual audit letters in the autumn setting out their assessment of the accounts and the extent to which the value for money in the use of resources has been achieved.	3. Deliver more with less 4. Fit for the future	
7. Many aspects of the Police and Crime Plan will be achieved through partnerships and joint delivery with partners will be the key to successfully achieving the outcomes of a number of aspects of the plan. The Commissioner needs to be assured that partner agencies and those delivering on our behalf, share our overall approach to good governance.			
7.1	The governance arrangements in respect of partnerships including Community Safety Partnerships have been maintained for 2012/13 financial year. A Section 22A agreement with complementary subordinate functional agreements (also amounting to section 22A agreements in their own right) is in place in relation to police collaboration in Yorkshire and the Humber.	1. Reduce harm 3. Deliver more with less 4. Fit for the future 5. Drive justice 6. Police UK	The future development of partnership arrangements will be led by the Commissioner's Office working closely with the Chief Constable and partner agencies. Future business planning processes will incorporate the development of a Commissioning Strategy. This strategy will inform future partnership requirements in order to put people first in delivering services to communities that drive justice.
7.2	The governance arrangements associated with Regional working remain with the Commissioners' replacing the previous Police Authority representation at respective board structures.	1. Reduce harm 2. Put people first	All Regional Collaborative working activity should be assessed under the same principles as any other partnership activity when considering how best to achieve the organisational service requirements. The future Commissioning Strategy would be intended to take cognisance of this.

		<p>3. Deliver more with less</p> <p>4. Fit for the future</p> <p>5. Drive justice</p> <p>6. Police UK</p>	<p>The management and governance arrangements of Regional Working will be considered in light of how they support the Commissioner and Chief Constable in relation to the adopted business model and the delivery of the vision and goals in the Police & Crime Plan.</p>
8. arrangements for consulting and communicating with stakeholders			
	<p>The Chief Constable employs a range of mechanisms within the engagement strategy. Communities are actively encouraged to become involved in problem solving plans and signing them off.</p> <p>Engagement opportunities (such as community meetings) are also used to deliver key messages.</p> <p>The Community Engagement Log is used to analyse trends. i.e. safety on roads. This is not a static log and so it is constantly monitored by a range of users as it continuously identifies potential issues.</p> <p>Following the implementation of a recommendation arising from the "Advancing the BCU" work there are now 19 Safer Neighbourhood areas as York has reduced the number of areas from 4 to 3.</p>	<p>1. Reduce harm</p> <p>2. Put people first</p>	<p>Ensure that, where practicable, community engagement opportunities are utilised to support the Joint EDHR agenda.</p>
8.2	<p>Local Area Agreements have been replaced by CSDP Quality of Life. These are adopted into the Control Strategy and this has resulted in the development of a range of outcomes. The community are able to play an active part and can influence priority locations and performance monitoring.</p> <p>Includes multi agency work partners.</p>	<p>1. Reduce harm</p> <p>2. Put people first</p>	<p>To develop further the Community Safety accreditation scheme. This is based on the allocation of powers to community groups.</p>
8.3	<p>The Chief Constable has increased the use of Social media as a means of community engagement. This has delivered a range of benefits and is an enabler for maintaining the currency of information.</p>	<p>1. Reduce harm</p> <p>2. Put people first</p>	

REVIEW OF EFFECTIVENESS

The Chief Constable has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including:

- the system of internal audit
- the system of internal control.

These reviews have been undertaken by the Chief Constable and the Chief constable's Chief Finance Officer in conjunction with the Commissioner, the Commissioner's Chief Executive Officer, the Commissioner's Chief Finance Officer the Force Solicitor and the Head of Professional Standards. Their work has been informed by the work of internal auditors, and also senior members of the Commissioner's staff who have the responsibility for the development and maintenance of the governance environment.

In addition comments made by the external auditors and other review agencies and inspectorates have informed this review.

During the period March - June, a comprehensive review of the governance environment took place. The focus has been on the Joint arrangements developed by the Commissioner and Chief Constable with a view to the identification of areas for development for the coming financial period.

The review was carried out in the light of the recent changes in police service governance. It took into account the following key organisational drivers:

- The need to prepare and deliver a Stage 2 transfer scheme as required by the Home Secretary in a manner which provides for stability following any necessary structural modifications
- Increasing challenges to the longer term financial and operational sustainability of Policing in North Yorkshire and the need to deliver the Police and Crime Plan goals while acknowledging Financial pressures
- The requirement for the police service nationally to continue to deliver savings over the next few years in light of the continuing Comprehensive Spending Review pressures and budget and the settlement received by the Commissioner
- The impact on the Police Fund consequent to the implementation of the Hutton and Winsor review recommendations and the changes to police officer and staff terms and conditions and pensions.

The Chief Constable's Chief Finance Officer has reviewed these for their impact and the findings were presented to the Chief Constable to enable an updated AGS to be prepared.

The findings of the relative elements of the review itself and the overall assessment of the effectiveness of the governance framework will be included within plans for service delivery in order to address weaknesses and ensure continuous improvement of the system is in place.

SIGNIFICANT GOVERNANCE ISSUES

The review of the Governance environment has identified areas where further development of the governance arrangements are necessary to satisfy the governance standards required of the Chief Constable. These areas of development, and the steps we propose to take to address them are outlined in tabulated form above. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed

..... Dave Jones - Chief Constable of North Yorkshire Police

..... Jane Palmer - Chief Constable's Chief Finance Officer

GLOSSARY OF TERMS

ACCRUAL: The recognition, in the correct accounting period, of income and expenditure as it is earned or incurred, rather than as cash is received or paid.

ACCRUED BENEFITS: The benefits for service up to a given point in time, whether vested rights or not.

ACTUARIAL GAINS AND LOSSES: For a defined benefit scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses) or the actuarial assumptions have changed.

ACTUARIAL VALUATION: A valuation of assets held, an estimate of the present value of benefits to be paid and an estimate of required future contributions, by an actuary, on behalf of a pension fund.

AGENCY SERVICES: The provision of services by a Police and Crime Commissioner or Chief Constable (the agent) on behalf of another Police and Crime Commissioner or Chief Constable, which is legally responsible for providing those services. The responsible Police and Crime Commissioner or Chief Constable reimburses the Police and Crime Commissioner or Chief Constable providing the service.

AMORTISED COST: The cost of an intangible asset after amortisation, which is the systematic allocation of the depreciable amount of an asset over its useful life.

ANNUAL GOVERNANCE STATEMENT: Describes the governance framework incorporating the systems and processes, culture and values by which the Group is directed and controlled and the activities through which it accounts to and engages with the community.

APPROPRIATIONS: Amounts transferred to or from revenue or capital reserves.

ASSET: An item which has a value; for example, land and buildings, vehicles, equipment, cash.

AUDIT COMMISSION: An independent body, established under the Local Government Finance Act 1982. It is the responsibility of the Audit Commission to appoint external auditors to Police and Crime Commissioners and Chief Constables.

BALANCES: The total general balances available are the accumulated surplus of income over expenditure which enable operation without borrowing until the first precept and grant payments are received in the early part of the financial year. Balances are also used to cover any unexpected expenditure during the financial year.

BALANCE SHEET: This sets out the financial position of an organisation on a particular date. It shows the balances and reserves at the organisation's disposal, its long-term indebtedness, the fixed and net current assets employed in its operations and summarised information on the fixed assets held.

BUDGET: A statement of an organisation's plans in financial terms. A budget is prepared and approved by the organisation before the start of each financial year and is used to monitor actual expenditure throughout the year.

CAPITAL ADJUSTMENT ACCOUNT: The account through which all financing of fixed assets is charged.

CAPITAL EXPENDITURE: Expenditure on new assets or on the enhancement of existing assets so as to prolong their life or enhance market value.

CAPITAL FINANCING CHARGES: The repayment of loans and interest used to pay for capital projects.

CAPITAL GRANT: Grant from Central Government used to finance specific schemes in the capital programme. Where capital grants are receivable these are used, as far as possible, to finance capital expenditure to which they relate in the year that the grant is received.

CAPITAL RECEIPTS: The proceeds from the sale of an asset, which may be used to finance new capital expenditure or to repay outstanding loan debt, as laid down within rules set by Central Government.

CAPITAL RESERVE: Created to provide an alternative source of financing for capital expenditure and to ensure some stability in the level of capital programmes that can be financed.

CASH FLOW STATEMENT: This summarises the cash receipts and payments of the Group arising from transactions for both revenue and capital purposes.

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA): This is the main professional body for accountants working in the public services.

COLLECTION FUND: A fund administered by each District Council in which individuals' Council Tax payments are paid. The Police and Crime Commissioner raises a precept on the fund to finance part of their net revenue expenditure.

COLLECTION FUND ADJUSTMENT ACCOUNT: The account through which to implement the accruals basis for recording the precept in these accounts without affecting the bottom line for taxpayers.

COMPONENT ACCOUNTING: Component accounting requires that where an asset has several components, which can be physically separated from the principal asset and which have significantly different useful lives, these should be recognised separately and should be depreciated based on their respective useful lives. Component accounting aims to improve depreciation accounting and thus improves the measurement of operating results. It also facilitates accounting for replacements.

CONTINGENCY: The sum of money set aside to meet unforeseen expenditure or liability.

COUNCIL TAX: The local tax levied on householders, based on the relative market values of property, which helps to fund local services.

CREDIT APPROVAL: Authorisations given by Central Government to local authorities, which enable them to finance capital expenditure by borrowing or other credit arrangements such as leasing.

CREDITORS: Individuals or organisations to whom money is owed at the end of the financial year.

CURRENT ASSETS AND LIABILITIES: Current assets are items that can be readily converted into cash. Current liabilities are items that are due immediately or in the short term.

CURRENT SERVICE COSTS (PENSIONS): The increase in the present value of a defined benefit scheme's liabilities expected to arise from the employee service in the current period.

CURTAILMENT: For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

DEBTORS: Individuals or organisations from whom money is owed at the end of the financial year.

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

DEFERRED PENSIONS: Individuals who have ceased to be active members but are entitled to benefits payable at a later date.

DEFINED BENEFIT SCHEME: A pension scheme which defines the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme.

DEPRECIATION: An annual charge to reflect the extent to which an asset has been worn out or consumed during the financial year.

DIRECT REVENUE FINANCING: Resources provided from the revenue budget to finance the cost of capital projects.

DISCRETIONARY BENEFITS: Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under discretionary powers.

EARMARKED RESERVES: These reserves represent monies set aside that can only be used for a specific purpose.

EXPECTED RATE OF RETURN ON PENSION ASSETS: For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

EXTRAORDINARY ITEMS: Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside ordinary activities and are not expected to recur.

FINANCE AND OPERATING LEASE: A Finance lease transfers all of the risks and rewards of ownership of a fixed asset to the lessee. If these leases are used, the assets acquired have to be included within the fixed assets in the balance sheet at the market value of the asset involved. With an operating lease the ownership of the asset remains with the leasing company and an annual rent is charged to the relevant service revenue account.

FINANCIAL REGULATIONS: A written code of procedures approved by the Police and Crime Commissioner, intended to provide a framework for proper financial management.

FIXED ASSETS: Tangible assets that yield benefits for a period of more than one year.

FORMULA SPENDING SHARE (FSS): An assessment by Central Government of how much a Police and Crime Commissioner needs to spend to provide a common level of service, having regard to their individual circumstances. It is used to distribute Revenue Support Grant and Police Grant.

GAD: The Government Actuaries Department. They provide estimates of the liabilities of the Police Pension Scheme.

GOING CONCERN: The concept that an organisation will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

GOVERNMENT GRANTS: Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

IMPAIRMENT: A reduction in the value of an asset from the balance sheet value occurring as a result of a change in the condition and consumption of the asset or as a result of market conditions.

INCOME AND EXPENDITURE ACCOUNT: This summarises the resources generated and consumed for the year and shows how the costs have been financed.

INTEREST INCOME: The money earned from the investment of surplus cash.

INTEREST COSTS (PENSIONS): For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS): Standards and Interpretations adopted by the International Accounting Standards Board (IASB). They comprise:
(a) International Financial Reporting Standards;
(b) International Accounting Standards; and
(c) Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).

INVESTMENTS (PENSION FUND): The investments of a Pension Fund will be accounted for in the statements of that Fund. However, sponsoring bodies are also required to disclose, as part of disclosures relating to retirement benefits, the attributable share of pension scheme assets associated with their underlying obligations.

MINIMUM REVENUE PROVISION (MRP): The statutory minimum amount which a Police and Crime Commissioner is required to set aside on an annual basis as a provision to redeem debt.

NET BOOK VALUE: The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

NET CURRENT REPLACEMENT COST: The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

NATIONAL NON-DOMESTIC RATES (NNDR): The business rate in the pound is the same for all non-domestic ratepayers and is set annually by the government. Income from business rates goes into a central government pool that is then distributed according to resident population.

NON-OPERATIONAL ASSETS: Non-operational assets are fixed assets held but not directly occupied or used in the delivery of services. They include surplus properties awaiting disposal and assets that are under construction.

OPERATIONAL ASSETS: Fixed assets held and occupied, used or consumed in the direct delivery of those services for which they have either a statutory or discretionary responsibility.

OUTTURN: The actual amount spent in the financial year.

PAST SERVICE COST: For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

PAYMENTS IN ADVANCE: These represent payments prior to 31 March for supplies and services received by the Group after 1 April.

PENSION FUND: A fund which makes pension payments on retirement of its participants.

POLICE GRANT: A grant paid by the government to Police and Crime Commissioners as a proportion of the Formula Spending Share or FSS.

PRECEPT: The income which the Police and Crime Commissioner requires the District Council to raise from Council Tax on behalf of the Police and Crime Commissioner.

PROJECTED UNIT METHOD: An accrued benefits valuation method in which the scheme liabilities make allowances for projected earnings. The scheme liabilities at the valuation date relate to:

- the benefits for pensioners and deferred pensioners, and their dependents, allowing where appropriate for future increases and
- the accrued benefits for members in service at the valuation date.

PROVISION: An amount set aside to provide for a liability that is likely to be incurred but the exact amount and the date on which it will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWLb): A government agency which provides longer-term loans to local authorities at interest rates only slightly higher than those at which the government itself can borrow.

RECEIPTS IN ADVANCE: These represent income received prior to 31 March for supplies and services provided by the Group after 1 April.

RESERVES: Monies set aside that do not fall within the definition of provisions.

RETIREMENT BENEFITS: All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE CONTRIBUTIONS TO CAPITAL: Contribution from the Comprehensive Income and Expenditure Statement to finance capital expenditure and thus reduce the requirement to borrow.

REVENUE SUPPORT GRANT (RSG): General government grant support towards expenditure.

REVALUATION RESERVE: This account represents the difference between the current valuation of fixed assets and the historic costs of those assets. This Account came into effect 1 April 2007.

SCHEME LIABILITIES: The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employee is committed to provide for service up to the valuation date.

SERVICE REPORTING CODE OF PRACTICE FOR LOCAL AUTHORITIES (SeRCOP): A CIPFA guide to accounting for best value which provides a consistent and comparable calculation of the cost of services.

SETTLEMENT: An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligations and the assets used to effect the settlement.

SPONSORSHIP: The voluntary provision of non-public funds, services, equipment or other resources that enable the enhancement or extension the normal service provided.

STATEMENT OF ACCOUNTING POLICIES: This explains the basis of the figures in the accounts. The accounts can only be properly appreciated if the policies that have been followed in dealing with material items are explained. Changes in policies from previous years have been clearly shown.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS: This explains the responsibilities of both the Chief Constable and Chief Constable's Chief Finance Officer in respect of the Statement of Accounts.

STATEMENTS OF STANDARD ACCOUNTING PRACTICE (SSAP): These standards were adopted by the Accounting Standards Board (ASB) from its predecessor, the Accounting Standards Committee (ASC), and regulate the preparation and presentation of financial statements. Any new Standards are now referred to as Financial Reporting Standards (FRS). The CIPFA Code of Practice on Local Authority Accounting 2007 requires compliance to these Standards or disclosures in the notes if there are any material departures from those Standards.

TRANSFER VALUES: Payment made by one pension scheme to another in respect of accrued pension rights when a member of a scheme changes pensionable employment.

TREASURY MANAGEMENT POLICY (TMP): This is a policy adopted to manage investments, cash flows, and banking transactions. It governs the control of risks associated with these activities and the pursuit of optimum investment return balanced with security of investment.

WORK IN PROGRESS: The cost of work done on an uncompleted project at the balance sheet date.

SUBJECT TO AUDIT

ACRONYMS

ACC	Assistant Chief Constable
ACPO	Association of Chief Police Officers
APACE	Association of Policing and Crime Chief Executives
APCC	Association of Police and Crime Commissioners
ASC	Accounting Standards Committee
CC	Chief Constable
CCNY	Chief Constable of North Yorkshire Police
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CFR	Capital Financing Requirement
CIES	Comprehensive Income and Expenditure Statement
CIPFA	Chartered Institute of Public Finance and Accountancy
DCC	Deputy Chief Constable
FRS	Financial Reporting Standards
FSS	Formula Spending Share
FTE	Full Time Equivalent
GAD	Government Actuary's Department
HM	Her Majesty
HMRC	Her Majesty's Revenue and Customs
HO	Home Office
HPCC	Police and Crime Commissioner for Humberside
IAS	International Accounting Standards
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IS	Information Systems
ISD	Information Services Department
IT	Information Technology
JANE	Joint Arrangement Not an Entity
JPAC	Joint Police Authorities Committee
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
LCJB	Local Criminal Justice Board
LGPS	Local Government Pension Scheme
MRP	Minimum Revenue Provision
MTFP	Medium Term Financial Plan
NHS	National Health Service
NYP	North Yorkshire Police
NYPA	North Yorkshire Police Authority
NYPCC	Police and Crime Commissioner for North Yorkshire
PCC	Police and Crime Commissioner
PCSO	Police Community Support Officer
PFI	Private Finance Initiative
PPE	Property, Plant and Equipment
PWLB	Public Works Loan Board
RICS	Royal Institution of Chartered Surveyors
SeRCOP	Service Reporting Code of Practice
SORP	Statement of Recommended Practice
SSAP	Statements of Standard Accounting Practices
SYPC	Police and Crime Commissioner for South Yorkshire
TMP	Treasury Management Practices
UK	United Kingdom
VAT	Value Added Tax
WYPA	West Yorkshire Police Authority
WYPCC	Police and Crime Commissioner for West Yorkshire