



THE CHIEF CONSTABLE OF NORTH YORKSHIRE
STATEMENT OF ACCOUNTS | 2015-16

Draft

Draft

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Draft

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS for the CHIEF CONSTABLE of NORTH YORKSHIRE

1. Introduction

The purpose of this Narrative Report is to provide an easily understandable guide to the most significant matters reported in the accounts. The Narrative Report provides a brief explanation of the Chief Constable of North Yorkshire (CCNY) financial position and assists in the interpretation of the financial statements. It provides a commentary on the major influences affecting the income and expenditure and cash flow, and information on the financial needs and resources of CCNY. It gives an indication, in broad terms, of where CCNY's money comes from, what it is spent on and the services it delivers.

This is the fifth set of accounts prepared since the Police Reform and Social Responsibility Act 2011 (the Act) created two "corporation sole" bodies - the Police and Crime Commissioner for North Yorkshire (NYPCC) and the Chief Constable of North Yorkshire Police (CCNY).

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

The accounts for the year ended 31 March 2016 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).

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 different reserves held by CCNY, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or (deficit) on the provision of services line shows the true economic cost of providing CCNY's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance.

Comprehensive Income and Expenditure Statement (CIES)

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices. The Police and Crime Commissioner provides funding to cover expenditure in accordance with regulations, and this may be different from the accounting cost.

Balance Sheet

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by CCNY. The net assets of CCNY (assets less liabilities) are matched by the reserves held by CCNY. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that CCNY may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The CCNY does not hold any usable reserves. In this group all these reserves are held by NYPCC. The second category of reserves are those that CCNY is not able to use to provide services. This category of reserves includes the pensions reserve.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of CCNY during the reporting period. The statement shows how the CCNY generates and uses cash and cash equivalents. All income and expenditure flows through NYPCC bank accounts.

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.

Police Pension Fund Account

This account summarises the income and expenditure related to Police Pension Schemes. These statements are supported by various notes.

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 and is published as a separate document at the same time as the Statement of Accounts.

2. Accounting Principles

The Accounting Principles used are set out in Accounting Policy 2.

3. Summary of Financial Year 2015/16: Revenue

The 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 CIES, however in the accounts a technical treatment is applied which makes a direct comparison to the in-year management position difficult. 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 £113.8m.

Table 1

The position against the main budget headings is shown below:

	Budget	Outturn	Variance
CCNY	£'000	£'000	£'000
Employee Costs	104,518	104,703	(185)
Police Officers' Ill-Health Pensions paid by the Group	3,167	3,838	(671)
Premises	65	47	18
Supplies & Services	8,726	7,746	980
Transport	2,331	1,912	419
Financial Costs	132	965	(833)
CC Net Expenditure	118,939	119,211	(272)
Non-Grant Income	(5,152)	(5,080)	(72)
Total Expenditure before Pension Deficit Payment	113,787	114,131	(344)
Pension Deficit Payment	-	-	-
Total Net Expenditure	113,787	114,131	(344)
Sources of Finance			
NYPCC	113,787	114,131	(344)
Surplus (Deficit) for the year	-	-	-

Employee Costs

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

Table 2

	Budget	Outturn	Variance
CCNY	£'000	£'000	£'000
Police Salaries	70,489	69,267	1,222
PCSO Salaries	5,824	6,044	(220)
Staff Salaries	25,012	24,334	678
Leavers Costs	-	26	(26)
Overtime	2,145	3,604	(1,459)
Agency	108	733	(625)
Other Employee Costs	940	695	245
Total Employee Costs	104,518	104,703	(185)

Police Salaries - During the year recruitment was put on hold as Forces were expecting at least a 30% cut in funding and as a result Police Officer numbers had reduced to 1333 by the end of the year, resulting in an underspend of £0.9m against the budget. Following the announcement of a more favourable settlement than was expected a phased two-year recruitment plan has been put in place to increase the number of Police Officers to 1400. The first intake of 9 Student Officers started in March 2016 with further intakes of Transferees and Student Officers planned during 2016/17.

Salary costs for Student Officers were lower than budgeted, resulting in a further underspend of £0.3m.

A number of civilian investigators were recruited on an Agency basis to fill some of these vacancies and the costs of these posts are included in the staff costs outturn figures quoted below.

The underspend from vacancies has also been offset by an overspend on overtime costs of £1.2m. Overtime was incurred for a number of reasons during the year. Targeted initiatives to reduce crime and anti-social behaviour across the Force proved successful in preventing and deterring cross border crime, travelling criminals and road crimes. Flooding in parts of North Yorkshire during the winter had a significant impact on resources but NYP maintained its usual high level of day to day policing across the County whilst also helping to provide an emergency response to protect life and properties. In addition overtime was used to maintain the expected Policing levels within the Operational Policing Model (OPM) as Police Officer numbers have reduced faster than anticipated and to cover for sickness and absences. As a result, the Crime Statistics for England and Wales report for December 2015 confirmed that North Yorkshire Police continues to oversee the safest area in England.

The outturn also includes overtime for mutual aid provided to other Forces at short notice and which is offset by additional income.

Police Community Support Officers (PCSO) Salaries - The recruitment pattern for PCSOs means that the average number of PCSOs during the year has been higher than the budgeted 183 resulting in an overspend of £220k. Planning for PCSO numbers takes account of anticipated transfers as a result of Police Officer recruitment and a campaign to recruit PCSOs will commence in the summer.

Staff Salaries - As a result of a number of internal reviews and the recruitment hold mentioned above there have been a number of staff vacancies across the Group. The effect of these vacancies was mitigated by the short term recruitment of agency staff to cover business critical roles and additional overtime costs resulting in an overall overspend of £237k. The change in the volume and capabilities of technology available for use by criminals in the online world has resulted in significant pressures upon the Digital Forensics Unit (DFU) with an increase in the volume of exhibits to analyse. Whilst North Yorkshire Police still have one of the best equipped DFUs in the country it has resulted in larger than planned overtime spend for both Police Officers and staff. A review of shifts and working patterns in the Force Control Room is expected to reduce the level of overtime going forward.

Agency staff also includes the cost of the Civilian Investigators as discussed above.

Ill-Health Pensions Police Officers - Under the Police Pension Regulations the cost of injury pensions and adjustment for reduced pension contributions as a result of Ill Health retirements are not reimbursed by the Home Office and are met from Force budgets. A number of backdated awards and an increase in the number of officers retiring on ill health during 2015/16 resulted in an overspend of £671k.

Supplies and Services

The underspend of £980k has come from a number of areas.

Close scrutiny and management of the budget and continuous challenge of all non-pay expenditure by Budget Holders has meant that contingency and inflation budgets held centrally of £467k was not required.

2015/16 saw the expansion of the Safety Camera Vans from three to six with the aim of improving safety on the roads of North Yorkshire with a particular focus on speed and therefore speed-related accidents. The introduction of additional vans happened later than was planned and the vans were taken out of commission for a period to be fitted with an ANPR capability. As a result paper, postage and stationery cost were underspent by £232k in the PCC budget.

A number of savings were achieved in 2015/16 as a result of the continuous review of contracts to ensure that NYP have the correct contracts in place for their needs and is receiving the best possible Value for Money (VFM). For example a challenge to the charges during the year from one supplier resulted in a credit of £75k.

The supplies and services budget of £300k for Major Incidents is based on historical requirements in a given year and can be spent on overtime or forensic costs. Since the implementation of the Major Crime Unit, whilst the number of significant major incidents has reduced the team have also reduced the investigative spend on each job. The Team are able to dedicate their core hours to the golden 72 hours period after an incident. The dedicated team has also reduced the need for officers from different departments to assist and therefore reducing overall costs further. In 2015/16 the majority of the spend for Major Incidents (£180k) has been on overtime. The underspend here is partly offset against an overspend on Overtime.

Non-Grant Income

During the year there have been changes to budgeted income from a number of sources, the most significant area being £221k income received for mutual aid to other Police Forces. In 2015/16 requests were received for mutual aid for significant football matches, demonstrations and conferences. The income derived from mutual aid charges represented the recovery of the additional costs that had been incurred as a result of delivering the mutual aid. The additional costs included any overtime incurred to cover or backfill the officer time deployed to other force areas. The income is recovered in line with the national guidance for the recovery of mutual aid costs.

Other sources of income include special policing services, when officers are deployed for public order and safety reasons, examples of these would be football matches and race meetings, income from the recharge of vehicles used by Regional Forensics, income from prosecution costs as a result of Police Led Prosecutions and overseas registrations.

Income received for the administration of speed awareness courses was less than expected when the budget was set. As discussed under supplies and services the vans were not operational for the full year.

4. Segmental Analysis

The results can be analysed across operating segments as follows:

Table 3

	Budget	Outturn	Variance
	£'000	£'000	£'000
Operational Support	12,900	12,796	104
Local Policing	65,723	63,124	2,599
Supporting Local	18,718	19,564	(846)
Specialist Operations	13,880	13,858	22
Technical	2,566	4,789	(2,223)
Segment Net Cost of Services (= Force Net Expenditure in Table 1)	113,787	114,131	(344)

Full details of the functions performed under each segment are provided in Accounting Policy 9, and more detailed segment reporting shown in Statement of Accounts Note 4(a).

5. Comprehensive Income and Expenditure Statement (CIES)

The figures for the year shown here can be reconciled to the CIES (See Statement of Accounts Note 4). However the technical treatment required means that the outturn presented here and the movement on the General Fund Balance in these accounts are different.

Table 4

	2015/16
	£'000
Surplus for the Year shown in Table 1	-
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	62,812
Deficit for the Year on the Provision of Services as per Comprehensive Income and Expenditure Statement	62,812

The major element contributing to the difference between the outturn breakeven position and the overall deficit is the inclusion of charges for pension fund benefits (See Statement of Accounts Note 15 and Police Pension Fund Accounts and Notes). The pension fund amounts also affect the Balance Sheet, resulting in a negative net worth (more liabilities than assets). This treatment is explained further in part 8 which follows. It means that a direct link to the Balance Sheet, reserves and budget monitoring information provided regularly during each year cannot be made without a reconciliation or adjusting out the pension effect.

6. Collaborative Working

The CCNY continued to engage in collaborative working throughout 2015/16 in partnership with the other Yorkshire and the Humber forces (YATH) and with Cleveland and Durham forces for Operational Specialist Services (Evolve).

Details of the impact of these collaborations on the Statement of Accounts is provided in Note 8(b).

7. Annual Report

CCNY contributes to an annual report on progress during the year against the Policing and Corporate Priorities, as set out by NYPCC in the Police and Crime Plan.

The four Policing Priorities are:

- Protect Vulnerable People - Vulnerable individuals should be able to have complete confidence in coming forward to the Police and receive the best support for their needs;
- Cut Crime and Anti-Social Behaviour - to focus on communities with the greatest needs and tackle criminals who inflict the most distress;
- Focus on Prevention and Early Intervention - to identify problems early and work closely with partners to reduce the number of incidents;
- Improve Victim Care - to help victims cope better and recover by commissioning new services and improving communications and support from the Police and Criminal Justice partners.

The three Corporate Priorities are:

- Transforming the Organisation - by focused collaboration opportunities, improved efficiency and productivity and demand reduction;
- People First - to put people at the heart of policing in North Yorkshire and the City of York, whether residents, staff or partners;
- Partnerships and Commissioning - effective partnerships and commissioning provide new opportunities to develop innovative approaches to service delivery.

The Annual Report is published as a separate document at the same time as the financial statements.

Safest County

During the year North Yorkshire remained one of the safest places in the country. This was confirmed in the "Crime Statistics for England and Wales, year ending December 2015" report. Whilst this reflects a 5% rise in crime in comparison to the same period the previous year, it is below the 8% increase in England and Wales and takes into account improved crime recording standards nationally.

Further good news came in the England and Wales Crime Survey, which is an independent survey commissioned by the Home Office to gauge victim satisfaction and perceptions of the police. The figures for NYP confirmed our position as one of the top ten performing Forces nationally.

Performance

Her Majesty's Inspectorate of the Constabulary ranked NYP as 'good' in all categories at keeping people safe and preventing crime - one of only six forces to achieve this. The Inspector of Constabulary praised NYP for its partnership work, improvement in investigations and reduction in spending. This has been achieved through our commitment to neighbourhood policing, with local policing teams that are fully engaged with their communities and effective partnership work to resolve concerns and issues when they arise.

NYP is performing at a very high level and providing a quality service to our communities and clearly demonstrate NYPs ability to prevent crime and anti-social behaviour, as well as keeping people safe and secure. NYP is also good at investigating crimes, managing dangerous offenders and tackling serious and organised crime.

During the year there was a successful launch of the Volunteer Police Cadet pilot in York in partnership with Askham Bryan College. The scheme follows the National Volunteer Police Cadet model and 38 cadets aged 14 to 16 joined NYP cadets in September. In January they started their voluntary cadet duties by supporting local policing teams and their local communities. The success of the pilot scheme has been down to the commitment of the volunteer leaders who give up their own time to help run the scheme. As a result of this success NYP are now expanding the cadet unit to Scarborough.

Vulnerable People

While North Yorkshire remains one of the safest places in the country to live and work, reports of crime such as assault and sexual abuse are going up and NYP is responding to these changes and focusing on protecting the most vulnerable people in our society. Examples established during 2015/16 include:

- To help tackle crime against young people, North Yorkshire's first ever Youth Commission was launched to get the views of children and young people about crime and policing issues;
- A ground-breaking programme for children in care that is supported by North Yorkshire Police has won a national award for innovation in children's services. The programme, called No Wrong Door, helps looked-after children and young people as well as those leaving care. The aim is to replace traditional council-run children's homes with a range of integrated services. Each No Wrong Door hub has a dedicated, multi-disciplinary team including a life coach, who is a clinical psychologist, a supportive police role and a speech and communications therapist;
- In April 2015 the Police and Crime Commissioner took over responsibility for delivering victim services and set up Supporting Victims to provide initial contact for victims. The Commissioner also provides a range of specialist services including counselling services and support for vulnerable and high risk victims.

8. Pensions (See Statement of Accounts Note 15)

As part of the terms and conditions of officers and employees, CCNY offers retirement benefits in accordance with national agreements and schemes.

CCNY participates in a number of pension schemes:

- Two Local Government Pension Schemes (LGPS) for police staff, administered by North Yorkshire County Council. This is a funded scheme, meaning that the CCNY and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets;
- Three Police Pension Schemes (PPS) for police officers. These are unfunded defined benefit schemes, meaning that there are no investment assets built up to meet the pension liabilities, but finance is only required to be raised to cover police pensions when the pensions are actually paid. Funding arrangements for the Police Pension Fund are detailed in the Police Pension Fund Accounts.

Although pension benefits will not actually be payable until employees retire, CCNY has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement and details are provided in Statement of Accounts Note 15. The liabilities show the underlying commitments that CCNY has in the long run to pay retirement benefits. The total liability has a substantial impact on the net worth of the CCNY as recorded in the Balance Sheet and results in a negative overall balance. However, statutory arrangements for funding the deficit mean that the financial position of CCNY remains healthy.

9. Provisions and Contingencies

Details are provided in Statement of Accounts Notes 14 and 16.

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

As a result of the anticipated reduction in public sector spending, the CCNY prepared for a continuation of funding reductions identified within the 2015/16 budget settlement, and during 2015/16 held back on recruitment and investment in technology so as to put CCNY in a strong position to meet the anticipated further cuts during 2016/17 onwards. In the event, the 2015 Spending Review did not make the expected significant cuts in Police Funding. However the planning undertaken during 2015/16 and in previous years has put CCNY in a strong position to move forward, and significant further investments in priority policing areas are now planned.

11. Accounting Policies and Presentation of the Accounts

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

Under Sections 25 and 26 of the Local Audit and Accountability Act 2014 (the Act) local government electors have the right to inspect the Group'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 on the Chief Constable's websites.

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

The CCNY's external auditors are:

Mazars
The Rivergreen Centre
Aykley Heads
Durham
DH1 5TS

Jane Palmer

Chief Constable's Chief Finance Officer of North Yorkshire
Date: XX September 2016

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Responsibilities of the Chief Constable of North Yorkshire

- 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 of North Yorkshire at 31 March 2016, and its income and expenditure for the year then ended.

Jane Palmer

Chief Constable's Chief Finance Officer of North Yorkshire
Date: XX September 2016

MOVEMENT IN RESERVES STATEMENT for the YEAR ENDED 31 March 2016

	Note	General Fund Balance £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves £'000
Balance at 1 April 2014		-	-	(1,305,843)	(1,305,843)
Surplus/(deficit) on provision of services (accounting basis)		(59,413)	(59,413)	-	(59,413)
Other comprehensive income and expenditure	2a	-	-	(135,907)	(135,907)
Total Comprehensive income and expenditure		(59,413)	(59,413)	(135,907)	(195,320)
Adjustments between accounting basis & funding basis under regulations	1	59,413	59,413	(59,413)	-
Intragroup transfers of net pension liabilities				1,175	1,175
Net increase/(decrease)		-	-	(194,145)	(194,145)
Balance at 31 March 2015		-	-	(1,499,988)	(1,499,988)
Surplus/(deficit) on provision of services (accounting basis)		(62,812)	(62,812)	-	(62,812)
Other comprehensive income and expenditure	2a	-	-	219,117	219,117
Total Comprehensive income and expenditure		(62,812)	(62,812)	219,117	156,305
Adjustments between accounting basis & funding basis under regulations	1	62,812	62,812	(62,812)	-
Net increase/(decrease)		-	-	156,305	156,305
Balance at 31 March 2016		-	-	(1,343,683)	(1,343,683)

An analysis of Unusable Reserves is provided in Note 2 to the accounts.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT for the Year Ended 31 March 2016

	Note	2015/16			2014/15		
		Gross Expenditure	Income	Net Expenditure	Gross Expenditure	Income	Net Expenditure
		£'000	£'000	£'000	£'000	£'000	£'000
Local Policing		60,309	(437)	59,872	67,239	(464)	66,775
Dealing with the Public		12,832	(142)	12,690	14,526	(139)	14,387
Criminal Justice Arrangements		11,708	(406)	11,302	8,721	(427)	8,294
Roads Policing		9,883	(2,000)	7,883	9,280	(1,129)	8,151
Specialist Operations		10,999	(4)	10,995	11,482	(2)	11,480
Intelligence		9,706	(37)	9,669	11,049	(1)	11,048
Investigation		29,931	(117)	29,814	23,823	(41)	23,782
Investigative Support		5,762	(2)	5,760	5,413	(1)	5,412
National Policing		5,473	(1,935)	3,538	6,009	(2,347)	3,662
Cost of Police Services		156,603	(5,080)	151,523	157,542	(4,551)	152,991
Non-Distributed costs							
- Past service costs	15	830	-	830	32	-	32
- Curtailment costs	15	-	-	-	137	-	137
Intragroup Funding		-	(138,620)	(138,620)	-	(150,604)	(150,604)
Net Cost of Services		157,433	(143,700)	13,733	157,711	(155,155)	2,556
Financing and Investment Income and Expenditure	5			49,079			56,857
Deficit on the Provision of Services				62,812			59,413
Other Comprehensive Income and expenditure							
(Surplus) or deficit on remeasurements of scheme assets and liabilities	15			(219,117)			135,907
Other Comprehensive (Income) and Expenditure				(219,117)			135,907
Total Comprehensive (Income) and Expenditure				(156,305)			195,320

BALANCE SHEET as at 31 March 2016

	Note	31 March 2016 £'000	31 March 2015 £'000
Current Assets			
Inventories	10	166	174
Short-term Debtors	11	11,144	16,662
Cash and Cash Equivalents	12	15	20
Total Current Assets		11,325	16,856
Total Assets		11,325	16,856
Current Liabilities			
Short-term Creditors	13	(10,501)	(16,572)
Short-term Provisions	14	(1,137)	(1,227)
Total Current Liabilities		(11,638)	(17,799)
Long-Term Liabilities			
Long-term Provisions	14	(1,189)	(569)
Pension Fund Liability	15	(1,342,181)	(1,498,476)
Total Long-Term Liabilities		(1,343,370)	(1,499,045)
Net Assets (Liabilities)		(1,343,683)	(1,499,988)
Reserves			
Unusable Reserves			
Pensions Reserve	2	(1,342,181)	(1,498,476)
Accumulated Absences Account	2	(1,502)	(1,512)
Total Unusable Reserves		(1,343,683)	(1,499,988)
Total Reserves		(1,343,683)	(1,499,988)

CASH FLOW STATEMENT for the YEAR ENDED 31 March 2016

	Note	2015/16 £'000	2014/15 £'000
Net deficit / (surplus) on the provision of services		62,812	59,413
<i>Adjustments to net deficit / (surplus) on the provision of services for non-cash movements:</i>			
(Increase) / decrease in provisions		(529)	192
Movement in pension liability		(62,822)	(59,827)
Decrease in debtors		(5,518)	(1,382)
Decrease in creditors		6,070	1,559
Increase / (decrease) in inventories		(8)	41
		(62,807)	(59,417)
<i>Adjustments for items included in the net deficit / (surplus) on the provisions of services that are investing and financing activities:</i>			
Net Cash Flows from Operating Activities		5	(4)
Net (increase) / decrease in cash and cash equivalents		5	(4)
Cash and cash equivalents at the beginning of the reporting period	12	20	16
Cash and cash equivalents at the end of the reporting period	12	15	20

ACCOUNTING POLICIES for the YEAR ENDED 31 March 2016 for the CHIEF CONSTABLE of NORTH YORKSHIRE

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 2015/16 (the Code) and the Service Reporting Code of Practice for Local Authorities 2015/16 (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. Accounting Principles

Balance Sheet

All payments on behalf of 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 substantially all the assets and reserves of the Group are recognised on the NYPCC Balance Sheet. Each individual entity balance sheet includes the assets and liabilities arising from transactions included in the relevant CIES.

Comprehensive Income and Expenditure Statement (CIES)

Under the Act, CCNY is responsible to NYPCC for the day to day provision of policing functions, including the direction and control of police officers. Staff providing Corporate Support Services (comprising Information Communications and Technology, Estates, Transport and Logistics, Corporate Communications, Legal Services and Finance) are under the direction and control of NYPCC.

Expenditure related to the provision of policing services by officers and staff under the direction and control of CCNY appears in the CCNY CIES. Expenditure related to the provision of Corporate Support Services appears in the NYPCC single entity CIES, and is then recharged to CCNY, so that all of the cost of Police Services appears in the CCNY CIES. The cost of Police Services is funded by a recharge to NYPCC.

Income and funding directly controlled by NYPCC is included 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 provision of Corporate support Services.

CCNY makes charges to NYPCC:

- for the cost of policing services.

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

There are no amendments to the International Financial Reporting (“IFRS”) Standards and International Accounting Standards (“IAS”) that apply to these accounts for the first time.

4. Accruals Basis for 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;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Where expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

5. Grants and Contributions

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

- the conditions attached to the payments will be complied with; and
- that the grants or contributions will be received.

Amounts recognised as due are not credited to the CIES until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) in the CIES.

Police Pension Top-Up Grant

The top-up grant receivable from NYPCC in respect of the Police Pension Fund is credited to the Police Pension Fund Accounts and does not appear in the CCNY CIES. This treatment is in line with the requirements of the Police Pension Fund Regulations 2007 (SI 1932/2007) (updated by SI 1887/2008).

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. An accrual is made for the costs earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the relevant service line in the CIES and then reversed out through the Movement in Reserves Statement so that benefits are charged to the council tax payer in the financial year in which the absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy, and are charged on an accruals basis to the relevant service or, where applicable, to the Non-Distributed Costs line in the CIES when there is a demonstrable commitment to the termination of the employment of an employee or group of employees or to the making of an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

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.

The main aspects of these pension schemes are:

- (a) The attributable assets of each scheme are included in the Balance Sheet at fair value;
- (b) The attributable liabilities of each scheme are measured on an actuarial basis using the projected unit credit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of earnings for current employees;
- (c) Scheme liabilities are discounted at a rate that is determined by reference to market yields at the end of the reporting period on high quality corporate bonds;
- (d) The surplus/deficit in each scheme is the excess/shortfall of the fair value of assets in the scheme over/below the present value of the scheme liabilities;
- (e) The change in the net pensions liability for each scheme is analysed into seven components:
 - Current service cost - the increase in liabilities as a result of years of service earned this year. The current service cost is stated net of employees' contributions, so as to reflect the part of the total pensions liabilities that are to be funded by the Group - allocated in the CIES to the services for which the employees worked;
 - Past service costs - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs;
 - Net interest on the defined benefit liability - the change during the year in the net defined benefit liability or asset that arises from the passage of time - debited to the Financing and Investment Income and Expenditure line in the CIES;
 - Return on assets - the annual investment return on the fund assets attributable to the Group, based on an average of the expected long-term return (excluding any amounts included in the Net interest on the defined benefit liability) - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - Gains or losses on settlements or curtailments - the result of actions to relieve the Group of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited or credited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs;
 - Actuarial gains/losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Pensions Reserve;
 - Contributions paid to the fund - cash paid as employer's contributions to the pension fund in settlement of liabilities - not accounted for as an expense.

Statutory provisions require the General Fund Balance to be charged with the amount payable to the pension funds or directly to pensioners in the year, not the amount calculated in accordance with relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension funds and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

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

7. Value Added Tax (VAT)

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

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 2013/14* ("SeRCOP"). The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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 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:

Operational Support

The Segment includes activities and costs that support the CCNY operational activities such as Professional Standards, Information Management and Human Resources and also includes services provided through Regional Collaboration such as Scientific and Forensic Services.

Local Policing

This segment is the largest of the Group's operational segments and includes neighbourhood and community policing services, police community support officers and, force control room operations.

Supporting Local

This segment covers all operations associated with the detection and investigation of crime and includes key activities such as Major Crime Unit, Crime Intelligence, incidents and police station front desk enquiry teams.

Specialist Operations

This segment includes activities providing specialist support to local policing such as firearms, dogs, road policing, marine and air support.

10. Jointly Controlled Operations - Regional Working

CCNY engages in collaborative working in partnership with the other Yorkshire and the Humber forces (YATH) to deliver a number of specific services on a regional basis. The governance for this regional programme of activity is via a Regional Collaboration Board, constituted in accordance with the Heads of Agreement.

The YATH regional programme is a lead force model and each lead force is responsible for the financial administration of the programme they lead.

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.

The Group also engages in collaborative working in partnership with Cleveland and Durham forces for Specialist Operational Services (Evolve). The governance for this programme is via a Joint Governance Board constituted of Police and Crime Commissioners plus other officers of the participating forces in accordance with the section 22a agreement.

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. Inventories

Inventories are included in the Balance Sheet at average prices. Obsolete and slow moving items are written off during the year and reduce the value of inventories shown in the Balance Sheet.

This treatment differs from the requirements of the Code, which requires stocks to be shown at the lower of cost and net realisable value. It is considered that this difference in treatment does not have a material effect on the accounts.

All inventories comprise supplies that are intended for use in the provision of services.

13. Debtors

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

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

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

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

A provision for impairment of debtors is established when there is evidence that all the amounts due will not be able to be collected.

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

14. Cash and Cash Equivalents

Cash and Cash Equivalents include cash-in-hand and deposits that are repayable on demand. Cash equivalents are defined as deposits which:

- are repayable on demand or maturing within three months of the date of acquisition;
- are readily convertible to known amounts of cash; and
- are not subject to a significant risk of change in value.

15. Creditors

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

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

There is no difference between the delivery and payment dates for non-contractual, non-exchange transactions (e.g. expense relating to council tax and general rates) and therefore these transactions are always measured at the full amount payable.

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

16. Financial Instruments

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

Typical financial instruments are trade payables and trade receivables, borrowings, bank deposits and investments.

Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts the estimated future cash payments over the life of the instrument to the amount at which it was initially recognised. This means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the CIES is the amount payable for the year according to the loan agreement.

CCNY has not given any financial guarantees.

CCNY has not had any gains or losses on the repurchase or early settlement of borrowing, nor any premiums or discounts on financial liabilities.

Financial Assets

Financial assets are classified into two types:

- loans and receivables - assets that have fixed or determinable payments but are not quoted in an active market;
- available-for-sale assets - assets that have a quoted market price and/or do not have fixed or determinable payments. The Group does not hold any available-for-sale assets.

Loans and Receivables

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

Immaterial Transaction Costs

Immaterial transaction costs that the Code would usually require to be applied to adjust a financial instrument's initial carrying amount are written off immediately to Surplus or Deficit on the Provision of Services line in the CIES.

CCNY has not made any soft loans and no assets have been identified as impaired. There have not been any gains or losses arising on the de-recognition of a Financial Asset.

CCNY has not transferred any financial assets.

Compliance

In compliance with CIPFA guidance, CCNY has:

- Adopted CIPFA's Treasury Management in the Public Services: Code of Practice.
- Set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code.

17. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

Provisions are charged to the appropriate service line in the CIES in the year the Group becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service in the CIES.

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

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives rise to a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group.

Contingent assets are not recognised in the Balance Sheet but are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

18. 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.

CCNY does not have any finance leases.

Operating Leases

Rentals payable under operating leases are charged to the CIES 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 CIES on a straight-line basis over the lease term.

19. 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.

20. 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 CIES 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.

21. 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.

Accounting principles

As set out in Accounting Policy 2, it has been determined that substantially all the assets and reserves of the Group are recognised on the NYPCC Balance Sheet.

22. 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.

The items in the Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Firms of consulting actuaries are engaged to provide expert advice about the assumptions to be applied.

The actuaries have provided the following sensitivity information:

Impact on Defined Benefit Obligations

Change in Assumption

	LGPS	Police Pension Schemes
Longevity (increase or decrease by 1 year)	£3.5m	£29.0m
Early retirement (increase or decrease by 1 year)	Not provided	£3.3m
Rate of increase in salaries (increase or decrease by 0.1%)	£0.9m	£2.1m
Rate of increase in pensions (increase or decrease by 0.1%)	£2.3m	£21.7m
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	£3.3m	£26.7m

Provisions

A provision has been made 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 £208k 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.

A change of 10% between long-term and current provisions would result in a change of £89k between current liabilities and long-term liabilities.

Employee Benefits

An accrual has been made for employee benefits outstanding at the year end, comprising flexitime, annual leave and re-rostered rest days. The accrual is estimated based on returns from each department and data captured from the Resource Management system.

Approximately 85% of the accrual (£1.3m) relates to rest days in lieu (RDIL). An increase or decrease of 5% in the number of RDIL owed would change the accrual by £64k.

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

The following standards have been issued but have not yet been adopted at 31 March 2016:

CIPFA Code of Practice on Transport Infrastructure Assets - this will be implemented in the 2016/17 Code and will require Transport Infrastructure Assets to be measured on a Depreciated Replacement Costs basis. CCNY does not have any Transport Infrastructure Assets and the implementation of this Code will not impact on these accounts.

IAS19 - Employee Benefits - amendments re Defined Benefit Plans - Employee Contributions

Annual Improvements to IFRS Cycle 2010-2012

Annual Improvements to IFRS Cycle 2012-2014

IFRS11 - Accounting for Acquisitions of Interest in Joint Operations - amendments May 2014 for periods beginning on or after 1 January 2016

IAS16 - Property, Plant and Equipment and **IAS38 Intangible Assets - (Clarification of Acceptable Methods of Depreciation and Amortisation)** - amendments May and June 2014 for periods beginning on or after 1 January 2016

IAS1 - Presentation of Financial Statements - Changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the introduction of the new expenditure and Funding analysis and changes to the format of the Pension Fund Account and the Net Assets Statement

The Code does not anticipate that these amendments will have a material impact on the information provided in the financial statements i.e. there is unlikely to be a change to the reported information in the reported Net Cost of Services or the Surplus or Deficit on the Provision of Services. However, in the 2016/17 financial statements the comparator 2015/16 Comprehensive Income and Expenditure Statement and the Movement on Reserves Statement will be amended to reflect the new formats and reporting requirements.

NOTES to the ACCOUNTS for the CHIEF CONSTABLE of NORTH YORKSHIRE

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1. Supplementary information to the Movement in Reserves Statement

Analysis of adjustments between accounting basis and funding basis under regulations:

Current year	General Fund Balance £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves £'000
Amounts by which pension costs calculated in accordance with the Code are different from the contributions due under pension scheme regulations	62,822	62,822	(62,822)	-
Amount by which the charge for accumulating compensating absences included in the Comprehensive Income & Expenditure Statement is different from the amount taken to the General Fund under statute	(10)	(10)	10	-
Total	62,812	62,812	(62,812)	-
Prior Year	General Fund Balance £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves £'000
Amounts by which pension costs calculated in accordance with the Code are different from the contributions due under pension scheme regulations	59,827	59,827	(59,827)	-
Amount by which the charge for accumulating compensating absences included in the Comprehensive Income & Expenditure Statement is different from the amount taken to the General Fund under statute	(414)	(414)	414	-
Total	59,413	59,413	(59,413)	-

2. Unusable Reserves

		31 March 2016	31 March 2015
	Note	£'000	£'000
Pensions Reserve	2a	(1,342,181)	(1,498,476)
Accumulated Absences Account	2b	(1,502)	(1,512)
Total Unusable Reserves		(1,343,683)	(1,499,988)

2 (a) Pensions Reserve

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

	2015/16	2014/15
	£'000	£'000
Balance at 1 April	(1,498,476)	(1,303,917)
Intragroup transfer	-	1,175
Remeasurements of pension assets and liabilities	219,117	(135,907)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(80,061)	(86,467)
Employer's pension contributions and direct payments to pensioners payable in the year	17,239	26,640
Balance at 31 March	(1,342,181)	(1,498,476)

2 (b) Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2015/16	2014/15
	£'000	£'000
Balance at 1 April	(1,512)	(1,926)
Settlement or cancellation of accrual made at the end of the preceding year	1,512	1,926
Amounts accrued at the end of the current year	(1,502)	(1,512)
Amounts by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	10	414
Balance at 31 March	(1,502)	(1,512)

3. Leases

CCNY leases a number of properties, which have been accounted for as operating leases. The total rentals payable in 2015/16 were £22k (2014/15 £31k).

Commitments under Operating Leases

At the balance sheet date CCNY was committed to making total payments of £22k (2014/15 £31k) under operating leases.

	Not later than one year	Later than one year and not later than 5 years	Later than 5 years	Total Commitments
	£'000	£'000	£'000	£'000
2016 Land and Buildings	22	-	-	22
Plant and Equipment	-	-	-	-
Total	22	-	-	22
2015 Land and Buildings	31	-	-	31
Plant and Equipment	-	-	-	-
Total	31	-	-	31

4. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the CIES 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 current service cost of benefits accrued in the year;
- expenditure on some support services is budgeted and accounted for centrally.

4 (a) Amounts Reported for Resource Allocation Decisions

Current Year	Operational Support £'000	Local Policing £'000	Supporting Local £'000	Specialist Operations £'000	Technical £'000	Total £'000
Income						
Non Grant Income	(1,759)	(366)	(2,937)	(19)	-	(5,081)
	(1,759)	(366)	(2,937)	(19)	-	(5,081)
Expenditure						
Employee costs	9,713	62,016	19,854	13,136	(15)	104,704
Supplies and services	4,644	559	2,285	260	(2)	7,746
Premises costs	19	-	-	29	-	48
Transport	179	915	362	452	4	1,912
Financial	-	-	-	-	4,802	4,802
	14,555	63,490	22,501	13,877	4,789	119,212
Segmental Net Cost of Police Services	12,796	63,124	19,564	13,858	4,789	114,131
Reconciliation to the Comprehensive Income and Expenditure Statement (CIES):						114,131
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					37,392	37,392
Net Cost of Police Services						151,523

4 (a) Amounts Reported for Resource Allocation Decisions

Prior Year	Crime & Justice £'000	Uniformed Operations £'000	CC Operational Support £'000	CFO Technical £'000	Total £'000
Income					
Other Income	(2,382)	(436)	(1,729)	(4)	(4,551)
	<u>(2,382)</u>	<u>(436)</u>	<u>(1,729)</u>	<u>(4)</u>	<u>(4,551)</u>
Expenditure					
Employee costs	33,528	64,180	9,830	6,980	114,518
Supplies and services	2,142	813	4,252	228	7,435
Premises costs	-	45	23	-	68
Transport	407	1,534	170	6	2,117
Financial	-	-	-	3,274	3,274
	<u>36,077</u>	<u>66,572</u>	<u>14,275</u>	<u>10,488</u>	<u>127,412</u>
Segmental Net Cost of Police Services	<u>33,695</u>	<u>66,136</u>	<u>12,546</u>	<u>10,484</u>	<u>122,861</u>
Reconciliation to the Comprehensive Income and Expenditure Statement (CIES):					122,861
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					30,130
Net Cost of Police Services					<u><u>152,991</u></u>

4 (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 CIES.

Current Year	Segmental analysis £'000	Amounts not reported to 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
Fees, charges & other service Income	(5,080)	-	(5,080)	-	(5,080)
Recharges from CCNY	-	-	-	(138,620)	(138,620)
Total Income	(5,080)	-	(5,080)	(138,620)	(143,700)
Employee expenses	104,704	19,908	124,612	49,909	174,521
Other service expenses	14,507	13,158	27,665	-	27,665
Recharges to/ from CCNY - equivalent to Depreciation	-	4,326	4,326	-	4,326
Total Expenditure	119,211	37,392	156,603	49,909	206,512
(Surplus) or Deficit on the Provision of Services	114,131	37,392	151,523	(88,711)	62,812

Prior Year	Segmental	Amounts not	Net Cost of	Amounts	Surplus/Deficit
	analysis	reported to	Police Services	reported below	on Provision of
	£'000	management for	£'000	Net Cost of	Services
		decision making		Police Services	
		£'000		£'000	£'000
Fees, charges & other service Income	(4,551)	-	(4,551)	-	(4,551)
Recharges from CCNY	-	-	-	(150,604)	(150,604)
Total Income	(4,551)	-	(4,551)	(150,604)	(155,155)
Employee expenses	114,518	9,393	123,911	57,026	180,937
Other service expenses	12,894	14,624	27,518	-	27,518
Recharges to/from CCNY - equivalent to Depreciation	-	6,113	6,113	-	6,113
Total Expenditure	127,412	30,130	157,542	57,026	214,568
(Surplus) or Deficit on the Provision of Services	122,861	30,130	152,991	(93,578)	59,413

4 (c) Intragroup Funding

	2015/16 £'000	2014/15 £'000
Charges from NYPCC to CCNY		
<i>Charged to appropriate headings as part of Cost of Police Services</i>		
Amounts equivalent to:		
- amounts charged to Income & Expenditure by NYPCC for Property, Plant and Equipment	4,326	6,113
- increase in provisions	-	-
- insurance costs	-	-
- interest charge on finance leases	3	8
- inventories expensed	-	-
- charges to CCNY for Corporate Support Services	20,184	21,640
	24,513	27,761
Charges from CCNY to NYPCC		
<i>Credited to the same headings as the costs they are recharging, as part of Cost of Police Services</i>		
- amounts to be transferred to reserves	3	-
- Democratic Core costs	21	19
<i>Credited to Net Cost of Services</i>		
- funding provided by NYPCC	138,620	150,604
	138,644	150,623

5. Financing and Investment Income and Expenditure

	2015/16 Expenditure £'000	2015/16 Income £'000	2015/16 Total £'000	2014/15 Expenditure £'000	2014/15 Income £'000	2014/15 Total £'000
Net Pensions interest cost	49,079	-	49,079	56,857	-	56,857
Total	49,079	-	49,079	56,857	-	56,857

6. Remuneration Report

6 (a) Remuneration of Senior Officers

In setting the condition of service of Senior Officers the Chief Constable has 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 Constable's Chief Finance Officer
- * serving police officers.*

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

	2015/16	2014/15
	£'000	£'000
Salaries and short-term benefits	561	534
Post-employment benefits	106	119
Total	667	653

6 (b) 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.

6 (c) 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 usually 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:

- (a) Accommodation allowance;
- (b) Car available for private use or car allowance paid as additional salary;

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.

The Commissioner and the Chief Constable are committed to ensuring that Chief Officer remuneration terms are clear and lawful and that public policy standards are met.

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. Benefits in kind do not include business use of private vehicles.

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 2015/16 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 15.0% of pensionable salary. (See Police Pension Fund Account and Note 15 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 2015/16 all eligible Senior Officers were members of the scheme.

The scheme is a defined benefit scheme, providing pension benefits linked to salary. The scheme provides for an accrual rate of 1/60th of salary for each year of service up to 31 March 2014. There after the accrual rate is 1/49th. 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 9.9% and 11.4% of pensionable salary. (See Note 15 for further information on the Local Government Pension Scheme).

6 (d) A summary of Senior Officer Remuneration for the year ended 31 March 2016 is presented below:

	Salary	Benefits in kind	Allowance	Value of employers pension contribution	Termination Benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Constable:						
D Jones (1)	137	2	8	29	-	176
Deputy Chief Constable:						
T Madgwick (1)	113	2	3	24	-	142
Assistant Chief Constable:						
K Mcintosh (Acting) (1)	101	3	3	22	-	129
P Kennedy (1)	99	2	3	21	-	125
Chief Constable's CFO*:						
J Palmer	85	-	-	10	-	95
Total	535	9	17	106	-	667

* CFO - Chief Finance Officer

Benefits and allowance types payable: (1) a, b

A summary of Senior Officer Remuneration for the year ended 31 March 2015 is presented below:

	Salary	Benefits in kind	Allowance	Value of employers pension contribution	Termination Benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Constable:						
D Jones from (1)	135	3	6	33	-	177
Deputy Chief Constable:						
T Madgwick from 3/6/13 (1)	112	4	3	27	-	146
Assistant Chief Constable:						
K Mcintosh (Acting) from 1/9/13 (1)	95	2	3	23	-	123
P Kennedy from 2/9/13 (1)	97	4	3	23	-	127
Chief Constable's CFO*:						
J Palmer	67	-	-	13	-	80
Total	506	13	15	119	-	653

* CFO - Chief Finance Officer

Benefits and allowance types payable: (1) a,b

6 (e) Officers and Staff

	2015/16	2014/15
Average number of officers and staff, including Senior Officers	2,632	2,719

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 113 (2014/15 103) police officers below the rank of Chief Superintendent.

Total remuneration	2015/16	2014/15
£50,000 to £54,999	83	64
£55,000 to £59,999	25	28
£60,000 to £64,999	3	7
£65,000 to £69,999	6	3
£70,000 to £74,999	5	1
£75,000 to £79,999	1	4
£80,000 to £84,999	2	2
£85,000 to £89,999	3	1
£90,000 to £94,999	-	-
£95,000 to £99,999	-	1
Total	128	111

6 (f) Termination benefits

CCNY terminated the contracts of a number of employees in 2015/16, incurring liabilities of £21k (2014/15 £364k) payable to Senior Officers and staff in the form of compensation for loss of office (through a voluntary redundancy scheme) and enhanced pension benefits (payable directly to the appropriate pension scheme).

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	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	£'000	£'000
£0 - £20,000	-	-	3	3	3	3	21	33
£20,001 - £40,000	-	-	-	5	-	5	-	149
£40,001 - £60,000	-	-	-	1	-	1	-	39
£60,001 - £80,000	-	-	-	2	-	2	-	143
Total	-	-	3	11	3	11	21	364

7. Other amounts credited/charged to the Comprehensive Income and Expenditure Statement

7 (a) Movement in Provisions

The movement on provisions is detailed in Note 14.

7 (b) Inventories Expensed during the Period

	2015/16	2014/15
	£'000	£'000
Uniforms/other items	233	428
Write-down of inventories recognised	-	-
Total inventory charges recognised in the Comprehensive Income & Expenditure Statement	233	428

There were no reversals of any previous write-down in inventories.

7 (c) 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 (2015/16 limit £1.378m). During the year £26k (2014/15 £43k) was utilised by CCNY from the sponsorship and donation accounts in reflection of expenditure primarily on focused safety and crime reduction initiatives. Specific contributions are made under agreements and, if not utilised in the year of receipt, are carried forward. £22k (2014/15 £23k) has been carried forward into 2016/17.

7 (d) Audit Fees

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

	2015/16	2014/15
	£'000	£'000
External Audit Fees	15	20
Rebate from Audit Commission	(3)	(2)
Total	12	18

8. Partnership Arrangements

8 (a) Local Criminal Justice Board (LCJB)

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

Expenditure of £26k (2014/15 £42k) has been incurred in 2015/16 and included in these accounts.

8 (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.

Yorkshire and the Humber (YATH)

CCNY continues to engage in collaborative working throughout 2015/16 with the other YATH forces.

A Regional Collaboration Board has been established for the YATH collaboration. The Board comprises the Commissioners plus other officers from each of the participating forces. It was formed to support Section 23 of the Police Act 1996/Police and Justice Act 2006.

The YATH 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 dependent upon an assessment of the benefit to be derived from each specific project or initiative, primarily based upon net revenue expenditure proportions.

The YATH programme is a lead force model and each lead force is responsible for the financial administration of the programme they lead. The lead force will employ police staff on a permanent, substantive basis and Police Officers will be seconded to the lead force. The Police and Crime Commissioners within the Yorkshire and Humberside Region have agreed to indemnify the lead force to ensure that any costs are shared between them in the event of any employment tribunal or civil court claims related to regional employment.

Evolve

During 2015/16 CCNY commenced collaborative working with Cleveland and Durham forces for Specialist Operational Services (Evolve). A Joint Governance Board has been established which comprises the Commissioners plus other officers from each of the participating forces. The collaboration is at an early stage, but will be funded from contributions made by the three participating forces. The total net expenditure of CCNY during 2015/16 in relation to Evolve collaboration was £10k (2014/15 £nil).

The total net expenditure of CCNY during 2015/16 in relation to the Yorkshire and the Humber regional collaboration work was £4.0m (2014/15 £3.8m).

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

Current Year	Expenditure	Income	Net Impact
	£'000	£'000	£'000
Local Policing	88	-	88
Dealing with the Public	18	-	18
Criminal Justice Operations	17	-	17
Roads Policing	15	-	15
Operational Support	117	-	117
Intelligence	222	-	222
Investigations	506	-	506
Investigative Support	3,045	-	3,045
National Policing	1,506	(1,530)	(24)
Total	5,534	(1,530)	4,004

Prior Year	Expenditure	Income	Net Impact
	£'000	£'000	£'000
Local Policing	84	-	84
Dealing with the Public	18	-	18
Criminal Justice operations	11	-	11
Roads Policing	12	-	12
Operational Support	68	-	68
Intelligence	143	-	143
Investigations	438	-	438
Investigative Support	3,015	-	3,015
National Policing	1,427	(1,452)	(25)
Total	5,216	(1,452)	3,764

9. Financial Instruments

	Long-Term		Current	
	31 March 2016 £'000	31 March 2015 £'000	31 March 2016 £'000	31 March 2015 £'000
Debtors				
Loans and receivables (incl accrued interest)	-	-	11,071	16,588
Total Debtors	-	-	11,071	16,588
Creditors				
Financial liabilities at amortised cost	-	-	7,457	13,635
Total Creditors	-	-	7,457	13,635

Fair Value of Assets and Liabilities Carried at Amortised Cost

Financial liabilities and financial assets, represented by loans and receivables, are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows, that take place over the remaining life of the instruments, using the following assumptions:

- For Public Works Loan Board (PWLB) and other loans payable, the discount rate used is the PWLB rate for new borrowing;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable, the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair value of each class of financial assets and liabilities which are carried in the balance sheet at amortised cost is disclosed below.

Financial Liabilities - carried at amortised cost**Current and Long-Term**

	31 March 2016		31 March 2015	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Other Creditors	7,457	7,457	13,635	13,635
Total Financial Liabilities	7,457	7,457	13,635	13,635
Current	7,457	7,457	13,635	13,635
Total Financial Liabilities	7,457	7,457	13,635	13,635

Financial Assets - Loans and receivables**Current and Long-Term**

	31 March 2016		31 March 2015	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Cash and cash equivalents	15	15	20	20
Debtors	11,056	11,056	16,568	16,568
Total Financial Assets	11,071	11,071	16,588	16,588

The differences between fair value and the carrying amount are attributable to fixed interest instruments receivable being held with interest rates that are higher than the prevailing rate estimated to be available at 31 March.

Income, Expense, Gains and Losses

CCNY did not have any income, expense, gains or losses in relation to financial instruments (2014/15 £nil).

10. Inventories

	31 March 2016	31 March 2015
	£'000	£'000
Uniforms/Other Items	166	174
Total as at 31 March	166	174

All inventories comprise supplies used in the provision of services.

11. Debtors

	31 March 2016	31 March 2015
	£'000	£'000
Short-Term		
Amounts receivable:		
Central government bodies	58	98
Other Local Authorities (including Police and Crime Commissioners)	251	358
Other debtors external to general government	454	326
Intragroup debtors	10,293	15,786
Payments in advance	88	94
Total as at 31 March	11,144	16,662

Other Local Authorities includes £6k (2015 £28k) in respect of regional collaboration with other Police and Crime Commissioners (see note 8(b)).

All debtors at the end of the current and previous year are due within one year.

12. Cash and Cash Equivalents

	31 March 2016	31 March 2015
	£'000	£'000
Cash at bank and in hand	15	20

13. Creditors

	31 March 2016	31 March 2015
	£'000	£'000
Short-Term		
Amounts due:		
Central government bodies	83	628
Other local authorities (including Police and Crime Commissioners)	1,269	2,680
NHS bodies	200	28
Public corporations and trading funds	-	-
HMRC employment taxes and national insurance	2,165	2,049
Other creditors external to government	5,413	9,941
Income received in advance	520	370
Intragroup creditors	851	876
Total as at 31 March	10,501	16,572

Other local authorities (including Police and Crime Commissioners) includes £765k (2015 £156k) in respect of Regional Collaboration with other Police and Crime Commissioners in Yorkshire and Humberside (see Note 8 (b)).

14. Provisions

	Employee Related	Other Insurance	Total
	£'000	£'000	£'000
At 1 April 2015	1,389	407	1,796
(Reduction) / additional provision required	(343)	1,306	963
Amounts utilised during year	(223)	(210)	(433)
At 31 March 2016	823	1,503	2,326

Provisions have been analysed between short-term and long-term as follows:

	31 March 2016	31 March 2015
	Total	Total
	£'000	£'000
Short-term	1,137	1,227
Long-term	1,189	569
Total	2,326	1,796

All cases are individually insignificant. Employee Related provisions relate to claims arising from the Group's employer's liability cover, together with other employee related provisions. Other Insurance provisions relate to claims arising from the Group's non-employee related insurance cover, principally motor and material damage claims.

Sums have been set aside to provide for the settlement of ongoing claims not covered by insurers (identified as Provisions) and to provide for other possible events that might give rise to claims retained in Reserves. Based on past experience of the time taken to settle claims, an estimate has been made of the proportion of claims which are likely to be settled within 12 months of the balance sheet date, and these are provided as current liabilities.

The Group has made arrangements with its insurers to provide cover for:

- liability claims subject to a policy excess of £75,000 for any one occurrence;
- liability and third party motor claims aggregating over £1 million;
- third party motor claims subject to an excess of £75,000 for any one occurrence;
- material damage to property, together with consequential business interruption, subject to a policy excess of £1,000 for any one occurrence in respect of all risks cover, £250 for any one occurrence in respect of cover for money and £75,000 for any one occurrence for all other incidents;
- computer, motor uninsured loss recovery, engineering, airside liability, fidelity guarantee, personal accident, environmental liability, travel and contract works subject to policy terms and conditions.

There are no reimbursements from third parties expected in relation to any of the above provisions.

15. 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 five pension schemes:

- Two Local Government Pension Schemes (LGPS) for police staff, administered by North Yorkshire County Council (NYCC). 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. For service up to 31 March 2014 this was a final salary scheme. A career average scheme (CARE) came into effect for service from April 2014. For service after that date benefits are accrued based on career average salary.
 - Arrangements for the award of discretionary post-retirement benefits upon early retirement - this is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.
 - The schemes are operated under the regulatory framework for the LGPS. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the Pensions Board with the support of the Corporate Director Strategic Resources of NYCC and the fund's external investment advisors.
 - The principal risks to CCNY of the schemes are the longevity assumptions, statutory changes to the schemes, structural changes to the schemes (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the schemes. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.
- Three 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 to April 2015 became members of the new scheme and the previous scheme was closed to new members. The third scheme came into effect for officers recruited on or after April 2015. In addition a number of officers were transferred from the previous schemes on that date. CCNY's participation in the Police Pension Schemes is administered by Keir 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.

Scheme Governance

The Public Service Pensions Act 2013 introduced a formal framework for the governance and administration of public service pension schemes, including the introduction of pension boards. The role of a public service pension board is to assist the Scheme Manager to secure compliance with scheme regulations and with legislation.

NYCC as Scheme Manager and administrator for the LGPS in North Yorkshire, has established a Pensions Board for all the schemes comprising the LGPS in North Yorkshire. Membership is drawn from scheme employers and members.

Keir Business Services Ltd has established a collaborative Police Pension Board for the Police Pension Schemes that they administer, including the Police Pension Schemes for which CCNY is the Scheme Manager. Membership is drawn from scheme employers and members.

Discretionary Post-Retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions Relating to Retirement Benefits

The cost of retirement benefits is recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund Balance.

Draft

The following transactions have been made in the CIES and the Movement in Reserves Statement during the year:

	LGPS £'000	2015/16			Total £'000	2014/15 Total £'000
		Police Pension Scheme 1987 £'000	Police Pension Scheme 2006 £'000	Police Pension Scheme 2015 £'000		
Comprehensive Income and Expenditure Statement						
<i>Net Cost of Services</i>						
Current Service Cost	5,498	15,770	390	8,400	30,058	29,349
Past Service Cost - exceptional item	95	735	-	-	830	32
Curtailement Cost	-	-	-	-	-	137
Administration Costs	94	-	-	-	94	92
	5,687	16,505	390	8,400	30,982	29,610
<i>Financing and Investment Income and Expenditure:</i>						
Interest Cost	429	47,390	1,070	190	49,079	56,857
Total Post-employment Benefits charged to the Surplus or Deficit on Provision of Services	6,116	63,895	1,460	8,590	80,061	86,467
<i>Remeasurement of the net defined liability comprising:</i>						
- Return on plan assets (excluding the amount included in the net interest expense)	4,261	-	-	-	4,261	(11,587)
- Actuarial gains/losses arising from changes in demographic assumptions	-	(21,690)	(520)	(170)	(22,380)	(56,790)
- Actuarial gains/losses arising from changes in financial assumptions	(10,781)	(157,889)	(6,713)	7,861	(167,522)	232,514
- Other	(1,426)	(38,050)	5,870	130	(33,476)	(28,230)
(Surplus) deficits on remeasurements of scheme assets and liabilities	(7,946)	(217,629)	(1,363)	7,821	(219,117)	135,907
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	(1,830)	(153,734)	97	16,411	(139,056)	222,374
Movement in Reserves Statement						
Reversal of net charges made to surplus or deficit on provision of services for retirement benefits in accordance with IAS19	6,116	63,895	1,460	8,590	80,061	86,467
<i>Actual amount charged against the General Fund Balance for the year</i>						
Employer's contribution payable to the scheme	(2,880)	(6,071)	(177)	(5,471)	(14,599)	(24,170)
Retirement benefits payable to pensioners	-	(2,640)	-	-	(2,640)	(2,470)
Total	3,236	55,184	1,283	3,119	62,822	59,827

The figures for the Police Pension Scheme 1987 include the Injury Awards which are funded directly by CCNY.

Assets and Liabilities in Relation to Retirement Benefits*Reconciliation of present value of scheme liabilities*

	2015/16				2014/15	
	Funded Liabilities	Unfunded Liabilities			Total	Total
	LGPS £'000	PPS 1987 £'000	PPS 2006 £'000	PPS 2015 £'000	£'000	£'000
<i>(PPS - Police Pension Scheme)</i>						
Balance at 1 April	(143,299)	(1,452,368)	(32,070)		(1,627,737)	(1,433,324)
Intragroup transfer	-	-	-	-	-	27,391
Current service cost	(5,498)	(15,770)	(390)	(8,400)	(30,058)	(29,349)
Interest cost	(4,860)	(47,390)	(1,070)	(190)	(53,510)	(61,671)
Contributions by scheme participants	(1,509)	(3,720)	(280)	(3,410)	(8,919)	(9,124)
<i>Remeasurement gains and (losses):</i>						
- Actuarial gains/losses arising from changes in demographic assumptions	-	21,690	520	170	22,380	56,790
- Actuarial gains/losses arising from changes in financial assumptions	10,781	121,270	7,140	1,010	140,201	(251,503)
- Other	1,426	38,050	(5,870)	(130)	33,476	28,230
Benefits paid	2,246	49,050	30	10	51,336	44,992
Curtailment cost	-	-	-	-	-	(137)
Past service costs	(95)	(735)	-	-	(830)	(32)
Balance at 31 March	(140,808)	(1,289,923)	(31,990)	(10,940)	(1,473,661)	(1,627,737)

Reconciliation of fair value of the scheme assets

	2015/16				2014/15	
	LGPS	PPS 1987	PPS 2006	PPS 2015	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April	129,261	-	-	-	129,261	129,407
Intragroup transfer	-	-	-	-	-	(26,216)
Interest on plan assets	4,431	-	-	-	4,431	4,814
Administration expenses	(94)	-	-	-	(94)	(92)
<i>Remeasurement gains and (losses):</i>						
- The return on plan assets, excluding the amount included in the net interest expense	(4,261)	-	-	-	(4,261)	11,587
- Actuarial gains/losses arising from changes in demographic assumptions	-	-	-	-	-	-
- Actuarial gains/losses arising from changes in financial assumptions	-	36,619	(427)	(8,871)	27,321	18,989
Employer contributions	2,880	8,711	177	5,471	17,239	26,640
Contributions by scheme participants	1,509	3,720	280	3,410	8,919	9,124
Benefits paid	(2,246)	(49,050)	(30)	(10)	(51,336)	(44,992)
Balance at 31 March	131,480	-	-	-	131,480	129,261

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

The actual gain on scheme assets in the year was £0.17m (2014/15 £16.4m).

Scheme History

	2015/16	2014/15	2013/14	2012/13	2011/12
	£'000	£'000	£'000	£'000	£'000
Present value of liabilities:					
LGPS	(140,808)	(143,299)	(136,236)	(148,283)	(122,161)
Police Pension Scheme 1987	(1,289,923)	(1,452,368)	(1,274,348)	(1,281,888)	(1,095,658)
Police Pension Scheme 2006	(31,990)	(32,070)	(22,740)	(19,210)	(11,790)
Police Pension Scheme 2015	(10,940)	-	-	-	-
Total liabilities	(1,473,661)	(1,627,737)	(1,433,324)	(1,449,381)	(1,229,609)
Fair value of assets (LGPS):	131,480	129,261	129,407	105,143	86,705
Surplus/(deficit) in the scheme:					
LGPS	(9,328)	(14,038)	(6,829)	(43,140)	(35,456)
Police Pension Scheme 1987	(1,289,923)	(1,452,368)	(1,274,348)	(1,281,888)	(1,095,658)
Police Pension Scheme 2006	(31,990)	(32,070)	(22,740)	(19,210)	(11,790)
Police Pension Scheme 2015	(10,940)	-	-	-	-
Total	(1,342,181)	(1,498,476)	(1,303,917)	(1,344,238)	(1,142,904)

The liabilities show the underlying commitments that CCNY has in the long run to pay retirement benefits. The total liability has a substantial impact on the net worth of CCNY as recorded in the Balance Sheet, resulting in a negative overall balance. However, statutory arrangements for funding the deficit mean that the financial position of CCNY remains healthy.

The deficit on the LGPS will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Finance is only required to be raised to cover Police Pensions when the pensions are actually paid. Funding arrangements for the Police Pension Fund are detailed in the Police Pension Fund Accounts.

The projected employer contribution rates for 2015/16 and weighted average duration of the defined benefit obligation for scheme members as provided by the actuary are as follows:

Scheme	Percentage of Pensionable Pay	Weighted Average Duration
Local Government Pension Scheme (LGPS)	20.9%	23 years
Police Pension Scheme 1987	48.6%	21 years
Police Pension Scheme 2006	36.6%	36 years
Police Pension Scheme 2015	29.4%	37 years

These are the projected rates that would be required to fully cover the pension costs arising in the year and do not represent the actual cost or contributions to be made.

Members of the Police Pension Schemes are able to seek a refund of contributions if they leave the scheme with less than two years service. With effect from 1 April 2014 members of the LGPS automatically receive a refund of contributions if they leave with less than two years service. Up to that date members could opt for a refund if they left with less than three months service.

History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve in 2015/16 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2016:

	2015/16	2014/15	2013/14	2012/13	2011/12
	%	%	%	%	%
Differences between the expected and actual return on assets:					
Percentage of scheme assets	(3.2)%	9.0%	12.3%	9.5%	(5.0)%
Experience gains and losses on liabilities:					
Percentage of scheme liabilities	(2.4)%	(1.9)%	(1.3)%	(1.9)%	(1.5)%

CCNY expects to make employer contributions of £3.3m to the LGPS in the year to 31 March 2017. Employer contributions to the Police Pension Schemes in the same period are expected to be £11.2m.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Police Pension Schemes' liabilities have been assessed by the Government Actuary's Department (GAD) and the LGPS liabilities have been assessed by Mercer Limited, an independent firm of actuaries, estimates for the LGPS being based on the latest full valuation of the scheme as at 31 March 2012.

The principal assumptions used by the actuaries have been:-

	Local Government Pension Scheme		Police Pension Schemes	
	2015/16	2014/15	2015/16	2014/15
<i>Long-term expected rate of return on assets (% per annum):</i>				
Equities	n/a	6.5	n/a	n/a
Government Bonds	n/a	2.2	n/a	n/a
Other Bonds	n/a	2.9	n/a	n/a
Property	n/a	5.9	n/a	n/a
Cash / Liquidity	n/a	0.5	n/a	n/a
Other	Dependent on type of asset		n/a	n/a
<i>Mortality assumptions:</i>				
Longevity at 65 for current pensioners:				
Men	23.3 yrs	23.0yrs	23.1 yrs	23.3 yrs
Women	25.6 yrs	25.5 yrs	25.1 yrs	25.7 yrs
Longevity at 65 for future pensioners				
Men	25.8 yrs	25.4 yrs	25.1 yrs	25.4 yrs
Women	28.1 yrs	28.0 yrs	27.2 yrs	27.9 yrs
Rate of inflation	1.8%	2.1%	2.2%	2.2%
Rate of increase in salaries	3.3%	3.6%	4.2%	4.2%
Rate of increase in pensions	1.8%	2.1%	2.2%	2.2%
Rate for discounting scheme liabilities	3.5%	3.4%	3.55%	3.3%

Under FRS 102 and IAS 19, employers are no longer required to recognise an expected return on assets item in the profit and loss charge. This item has been replaced with a net financing charge which is based on the discount rate assumption. Assumptions for the expected return on assets are therefore no longer required and will not be disclosed.

The Police Pension Schemes have no assets to cover their liabilities. The LGPS assets consist of the following categories:

	Fair Value of Scheme Assets			
	2015/16		2014/15	
	%	%	%	%
Cash and Cash Equivalents	1	1	1	1
Bonds:				
Government	14		17	
Corporate	6		7	
Sub-total Bonds		20		24
Property - UK	7	-	7	
Private Equity	62		60	
Sub-total Private equity		69		67
Other				
Diversified Growth Fund		10		8
Total Assets		100		100

100% of assets in the LGPS have a quoted market price.

Impact on the Cash Flows

The objectives of the scheme are to keep employers' contributions at as a constant a rate as possible. NYCC has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the long term. Funding levels are monitored on a quarterly basis. The next triennial valuation is due to be completed on 31 March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the LGPS in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

16. Contingent Assets and Liabilities

Note 14 (Provisions) explains the treatment in respect of provision for amounts as known at the date of these accounts.

Civil and Employment Claims

CCNY has not made provision in these accounts for the potential outcome of legal proceedings pending conclusion in relation to Civil and Employment Claims where it is not considered probable that a payment or a transfer of economic benefits will be required to settle the obligations.

Regional Collaboration

CCNY has agreed to indemnify other Regional Police and Crime Commissioners for its share of any costs in the event of any employment tribunal or civil court claims related to regional employment. This indemnity is unlimited. At this time, it is not possible to predict the value or timing of any obligations falling due as a result of this indemnity.

GMP Equalisation

Guaranteed Minimum Pension (GMP) is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension prior to 6 April 1997. At present there is an inequality of benefits between male and female members who have GMP.

Although the Government intends that GMP should be equalised, at present it is not clear how this equalisation will be implemented. In July 2014 the Government stated an intention to develop fully considered proposals and to publish guidance when this work is completed, but no target date was given.

Until it is known how GMP equalisation will be carried out, the impact of allowing for it on liabilities is uncertain. As such, the potential increase in benefits is a contingent liability. No specific allowance has been made in the pension figures disclosed in these accounts.

Legal Challenge to the introduction of the Police Pension Scheme 2015 for Police Officers

The Government introduced the Public Pension Act 2013, which established a new framework for public service pensions. The Police Pensions Regulations 2015 (SI2015/445) (the Regulations) and detailed guidance were published in March 2015 and the Police Pension Scheme 2015 (the PPS 2015) was introduced and came into effect on 1 April 2015.

The Regulations require police officers born after 1 April 1967 to leave the two existing pension schemes (the Police Pension Scheme 1987 (the PPS 1987) and the Police Pension Scheme 2006 (the PPS 2006)) and accrue pension benefits from 1 April 2015 in the PPS 2015. The critical difference between the schemes is that the PPS 2015 provides Career Average Revalued Earnings (CARE) rather than final salary benefits.

The Chief Constable, along with other Chief Constables and the Home Office, currently has a number of claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. The Tribunal is unlikely to consider the substance of the claims until 2017. Legal advice suggests that there is a strong defence against these claims. The quantum and who will bear the cost is also uncertain, if the claims are partially or fully successful and therefore at this stage it is not practicable to estimate the financial impact. For these reasons, no provision has been made in the 2015/16 Accounting Statements.

17. 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.

18. 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. Recharges between NYPCC and CCNY are set out in Note 4 (c). Remuneration of the Police and Crime Commissioner is disclosed in the Group Accounts - Note 11.

Other Local Authorities (including Other Police and Crime Commissioners)

Local Government provides a proportion of the funding for the Group. Transactions with other Forces in respect of Regional Collaboration are set out in Note 8 (b). The amounts owing to Other Local Authorities at the balance sheet date are included in Creditors (Note 13).

Key Management

Key Management of the Group are also classed as related parties. Key Management are considered to be Senior Officers (as defined in note 6) and other persons having the authority and responsibility for planning, directing and controlling the activities of CCNY, including the oversight of these activities.

Remuneration of Key Management is disclosed in Note 6. Remuneration of Senior Officers of NYPCC is disclosed in the Group Accounts - Note 11.

Senior police officers are members of the National Police Chiefs Council (NPCC) and engage with NPCC on force business.

During 2015/16 CCNY incurred subscription and conference costs from NPCC of £2k (2014/15 £1k) £nil was outstanding at 31 March 2016 (31 March 2015 £nil).

CCNY received income to a value of £28k (2014/15 £nil) and purchased and received services to a value of £33k (2014/15 £5k) from organisations in which senior officers had positions on the governing body. In all instances transactions were made with proper consideration of declaration of interest. The relevant senior officers did not take part in any discussion or decision in relation to the transactions. At 31 March 2016 £nil (31 March 2015 £nil) was owed by CCNY to these organisations.

CCNY provides accounting services to organisations in which senior officers had positions on the governing body. At 31 March 2016 £25k (2015 £14k) was held by CCNY on behalf of these organisations.

Pension Schemes

Transactions with Pension Schemes are set out in Note 15.

19. Nature and Extent of Risks arising from Financial Instruments

CCNY manages financial risks in conjunction with NYPCC, as part of the NYPCC Group:

Key Risks

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

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

Overall procedures for managing risk

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

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

These are required to be approved before the start of the year to which they relate. These items are reported with the annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Group's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

The annual Treasury Management Strategy, which incorporates the prudential indicators, was approved by the Police and Crime Commissioner for 2015/16 on 24 February 2015 and amended on the 28th July 2015. The key issues within the Strategy were:

- The Authorised Limit for 2015/16 was set at £8.1m. This was the maximum limit of external borrowings or other long-term liabilities;
- The Operational Boundary was expected to be £5.8m. This was the expected level of debt and other long-term liabilities during the year;
- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 50% based on the net debt.

These policies are implemented by Financial Services on behalf of the Group. The Group maintains written principles for overall risk management, as well as written policies (Treasury Management Practices - TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed periodically.

Credit Risk

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

This risk is minimised through the Annual Investment Strategy, which is based solely upon the use of "specified investments", with all investments being sterling denominated with maturities up to a maximum of 364 days and meeting a minimum "high" credit rating. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

This Group uses the creditworthiness service provided by Sector. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies;
- Credit Default Swap spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

The full Investment Strategy for 2015/16 was approved by the Commissioner on 24th February 2015. It forms part of the Treasury Management Strategy.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings.

The Group's maximum exposure to credit risk in relation to its investments in banks and building societies of £28.9m (2014/15 £27.4m) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Group's deposits, but there was no evidence at the 31 March 2016 that this was likely to crystallise.

The following analysis summarises CCNY's maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions.

	Total		Estimated maximum exposure to default	
	31 March 2016 £'000	31 March 2015 £'000	31 March 2016 £'000	31 March 2015 £'000
Cash and cash equivalents	15	20	-	-
Other debtors and amounts owed by related parties	11,056	16,568	-	-
Total	11,071	16,588	-	-

No breaches of the counterparty criteria occurred during the reporting period and the Group does not expect any losses from non-performance by any counterparties in relation to deposits and bonds.

Collateral - During the reporting period the Group held no collateral as security.

Liquidity Risk

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

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

All sums owing are due to be paid in less than one year.

Refinancing and Maturity risk

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

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Group approved treasury and investment strategies address the main risks and Financial Services addresses the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of existing and proposed financial liabilities; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Group's day-to-day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow needs.

The maturity profile of financial liabilities is set out in Note 23 of the Group Accounts.

Market Risk

Interest Rate Risk

The Group is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Group, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates - the interest expense charged to the CIES will rise (however the Group does not currently have any variable rate borrowings);
- Borrowings at fixed rates - the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates - the interest income credited to the CIES will rise;
- Investments at fixed rates - the fair value of the assets will fall (no impact on revenue balances).

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

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

Price Risk

The Group does not generally invest in equity shares or marketable bonds.

Foreign Exchange Risk

The Group has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to gains or losses arising from movements in exchange rates.

POLICE PENSION FUND ACCOUNT
for the YEAR ENDED 31 March 2016

	2015/16	2014/15
	£'000	£'000
Contributions receivable		
From Employer		
Normal	(11,718)	(12,801)
Early retirement	-	-
Reimbursement of unabated pensions of '30+' Police Officers	-	-
	<hr/>	<hr/>
	(11,718)	(12,801)
From Members	(6,800)	(7,002)
	<hr/>	<hr/>
	(18,518)	(19,803)
Transfers in		
Individual transfers from other schemes	(598)	(655)
Received from other PCCs re pre-1974 pensioners	-	(109)
Benefits payable		
Pensions	32,733	31,348
Commutations and lump sum retirement benefits	9,557	7,563
Lump sum death benefits	-	-
Payments to and on account of leavers		
Refunds of contributions	8	3
Individual transfers out to other schemes	250	528
Paid to other PCCs re pre-1974 pensioners	-	-
	<hr/>	<hr/>
Deficit for the year before transfer from the Police and Crime Commissioner of amount equal to the deficit	23,432	18,875
Additional funding payable by the PCC to fund the deficit for the year	(21,995)	(18,875)
Additional contribution payable by the employer	(1,437)	-
	<hr/>	<hr/>
Net amount payable/receivable for the year	-	-
	<hr/> <hr/>	<hr/> <hr/>

POLICE PENSION FUND NET ASSETS STATEMENT
at 31 March 2016

		31 March 2016	31 March 2015
		£'000	£'000
Current Debtors	Note 5	-	4,078
Total Assets		<hr/>	<hr/>
		-	4,078
Current Creditors	6	-	(4,078)
		<hr/>	<hr/>
Net Assets		-	-
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE POLICE PENSION FUND ACCOUNTS

1. Accounting Policies

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

2. Operation of Police Pension Schemes

CCNY operates three Pension Schemes for police officers. These are unfunded defined benefit 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 to April 2015 become members of the 2006 scheme and the previous scheme has been closed to new members. The third scheme came into effect for officers recruited on or after April 2015. In addition a number of officers were transferred from the previous schemes on that date.

The charge in the accounts of CCNY represents the net cost of pensions and other benefits paid, after deducting contributions receivable from members. Members contribution rates vary between 11.5% and 14% of pensionable pay.

3. Funding of Police Pension Schemes

The funding arrangements for Police Pension Schemes changed on 1 April 2006 and again on 1 April 2015. Before 1 April 2006 the schemes did not have a percentage of pensionable pay type of contribution, rather the Authority was responsible for paying pensions of former employees on a pay-as-you-go basis. Under the new funding arrangements the schemes remain unfunded but CCNY no longer meets the pension outgoings directly, instead CCNY pays an employer’s contribution, based on a percentage of pay, into the Pension Fund. Each individual Police and Crime Commissioner in England and Wales is required by legislation to operate a Pension Fund for police officers and the amounts that must be paid into and paid out of the Pension Fund are specified by regulation.

Under the new arrangements, the Pension Fund will be balanced to nil at the end of the year by either paying over to NYPCC the amount by which amounts receivable by the Fund for the year exceeded the amounts payable or by receiving cash from NYPCC equal to the amount by which the amount payable from the pension fund for the year exceeded the amount receivable. With effect from 1 April 2015 the Home Office does not fund the whole of the difference between payments and receipts and CCNY is required to make an additional contribution calculated according to regulations.

NYPCC will either pay an amount equal to the amount received from the Pension Fund to the Home Office or receive a pension top-up grant from the Home Office equal to the amount paid to the Pension Fund.

4. Liabilities in Relation to Retirement Benefits

The Pension Fund Accounts do not take account of liabilities to pay pensions and other benefits after the period end. Details of the liabilities for retirement benefits attributable to CCNY at 31 March 2016, and of the basis for assessing those liabilities, are included in note 15 to the CCNY Accounts.

The present value of the Police Pension Scheme liabilities, based on the most recent full valuation of the scheme (as at 31 March 2012) and updated to the balance sheet date are disclosed below.

	31 March 2016	31 March 2015
	£'000	£'000
Police Pension Scheme 1987	1,289,923	1,452,368
Police Pension Scheme 2006	31,990	32,070
Police Pension Scheme 2015	10,940	-
Total present value of liabilities	1,332,853	1,484,438

Full details of the liabilities for retirement benefits attributable to CCNY at 31 March 2016, and of the basis for assessing those liabilities, are included in Note 15 to the CCNY accounts.

5. Debtors	31 March 2016	31 March 2015
	£'000	£'000
Short Term - Other local Authorities	-	4,078

6. Creditors	31 March 2016	31 March 2015
	£'000	£'000
Short Term - Provisions	-	4,078

Draft

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

Opinion on the financial statements

We have audited the financial statements of the Chief Constable of North Yorkshire Police for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Police Pension Fund Account, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the Chief Constable of North Yorkshire Police in accordance with Part 5 of the Local Audit and Accountability Act 2014, and paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable of North Yorkshire Police, as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable of North Yorkshire Police as at 31 March 2016 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Opinion on other matters

In our opinion, the information given in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 and the December 2012 addendum;
- we issue a report in the public interest under section 24, schedule 7 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24, schedule 7 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

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

Respective responsibilities of the Chief Constable of North Yorkshire Police and the auditor

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

We are required under section 20 of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Chief Constable of North Yorkshire Police has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office, requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the National Audit Office.

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

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

We are required to conclude whether the Chief Constable of North Yorkshire Police has put in place arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We have planned and undertaken our work in accordance with the Code of Audit Practice as issued by the National Audit Office and had regard to relevant guidance. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Chief Constable of North Yorkshire Police had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion published by the National Audit Office, we are satisfied that, in all significant respects, the Chief Constable of North Yorkshire Police put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Certificate

We certify that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Cameron Waddell CPFA
For and on behalf of Mazars LLP
The Rivergreen Centre
Aykley Heads
Durham
DH1 5TS
XX September 2016

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's 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;
- 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.

ACRONYMS

ACC	Assistant Chief Constable
ACPO	Association of Chief Police Officers
AGS	Annual Governance Statement
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
SYPCC	Police and Crime Commissioner for South Yorkshire
TMP	Treasury Management Practices
VAT	Value Added Tax
WYPA	West Yorkshire Police Authority
WYPCC	Police and Crime Commissioner for West Yorkshire

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