Statement of Accounts 2013/14

The Chief Constable of North Yorkshire Police

CONTENTS

EXPLANATORY FOREWORD TO THE STATEMENT OF ACCOUNTS for the CHIEF CONSTABLE of NORTH YORKSHIRE

1. Introduction

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

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

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

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

The accounts for the year ended 31 March 2014 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 financial statements for 2012/13 were presented as if the functions had been performed by CCNY for the whole of the year ending 31 March 2013.

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 Blance.

Comprehensive Income and Expenditure Statement
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. However, all income and expenditure flows through NYPCC bank accounts.

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

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.

2. Accounting Principles

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

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

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

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

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

Intra-Group Charges
NYPCC makes charges to CCNY:

- for the use of Long-Term Assets, equivalent to the debits made to the NYPCC CIES for the impairment, depreciation, amortisation and revaluation of the assets

CCNY makes charges to NYPCC:

- for the cost of policing services

These charges are eliminated in the Group Accounts.

3. Summary of Financial Year 2013/14: Revenue

CCNY incurred revenue expenditure during the year. Revenue Expenditure is generally spent on items which are consumed within the financial year and is financed by NYPCC. Details of spend with forecast of outturn are reported throughout the year. There is a direct relationship to the spend of revenue in the year and the 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 £141.7m.

CCNY operates a Corporate Budget Devolved Resource Management approach with corporate owners of budget, assets and resources for the majority of the budget. Effective management by Budget Holders resulted in an overall underspend of £6.1m. This was predicted as the year progressed and, where appropriate, was factored into the 2014/15 budget setting. The underspend has reduced the future year cost of investments and is contributing to the Police and Crime Plan Fit for the Future strategic goal.

The position against the main budget headings is shown below:

Table 1

	Budget £'000	Outturn £'000	Variance £'000
Employee Costs	113,451	111,152	2,299
Police Officers' Ill-Health Pensions paid by CCNY	2,860	2,979	(119)
Premises	4,964	4,711	253
Supplies & Services	17,543	14,075	3,468
Transport	2,884	2,640	244
Net Expenditure	**141,702**	**135,557**	**6,145**
Sources of Finance			
NYPCC	**(141,702)**	**(135,557)**	**(6,145)**
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

	Outturn Variance £'000
Police salaries	3,404
Staff and PCSO salaries	1,100
Leavers costs	(169)
Overtime	(1,051)
Unsocial hours, overnight and hardship	174
Agency	(705)
Other employee costs	217
Total Operational Employee Costs	**2,970**
Non-Operational Employee Costs	**(671)**
Total Employee Costs	**2,299**

Police Salaries - as Officers retire or transfer out of the Force, Police Officer numbers have reduced faster than anticipated and at the beginning of the year were lower than was assumed when the budget was set.

During the year the Chief Constable and the Police and Crime Commissioner announced their commitment to protect frontline service delivery in order to retain operational capacity and capability. A total of 31 officers have transferred from other Forces and 69 Student Officers were recruited in line with current recruitment plans to maintain the number of Police Officers at 1392.

Police Officer recruitment plans for 2014/15 are ongoing with expected intakes of 14 transferees from other Forces in June, 14 Student Officers in August, October and January planned at the moment.

The budget for Police Officers took account of all the agreed Winsor recommendations, including a provision for unsocial hours payments which was also budgeted for separately. This resulted in an underspend of £1.1m. The underspend also includes savings of £500k arising from Winsor 2 recommendations agreed after the standard cost was set, principally the introduction of the phased reduction of Competency Related Threshold Payments (CRTP).

Police Officer retirements during the year and Student Officer recruitment have resulted in a decrease in the actual cost of a Police Officer compared to the standard costing assumption used when the budget was set. The standard cost for the 2014/15 budget has been revised to reflect this.

Police Community Support Officer (PCSO) Salaries - from 2013/14 the Neighbourhood Policing Grant was absorbed into the general Police Grant and the Home Office no longer required a minimum number of PCSOs. During the year the Chief Constable and the Police and Crime Commissioner committed to maintaining 183 PCSOs to protect frontline service delivery. Recruitment plans took account of potential leavers and the impact of the Forcewide Police Officer recruitment campaign, which resulted in a number of PCSOs becoming student officers. As a result 13 new PCSOs started in May 2013, 11 in November 2013 and 14 in March 2014.

PCSO recruitment plans for 2014/15 are ongoing with expected intakes of 14 in June and October 2014 planned at the moment. To take account of potential leavers during the year and the impact of Forcewide Police Officer campaigns during the year, which may result in the reduction in the number of existing PCSOs, a further PCSO recruitment campaign may be required later in the year.

Staff Salaries - although a vacancy factor was built into the budget when it was set, the number of vacancies have exceeded the vacancy factor resulting in an underspend for the year.

A number of posts are currently vacant and are being actively recruited into.

To assist with the future resilience of the organisation NYP continues to challenge whether recruitment is required whenever a post becomes vacant. Once posts are confirmed as required it is important to obtain the resource in a timely and effective manner. Process improvements, holding lists and Geographical campaigns have been put in place to reduce the time taken to recruit into posts.

This underspend is partly offset by the overspend on the Agency budget.

Overtime - the shortfall in Police Officer numbers and consequential underspend in Police Officer salaries above has contributed towards the requirement for additional overtime.

Targeted initiatives to reduce crime across the Force have increased the level of Police overtime. When the 2013/14 budget was set the exact nature of these initiatives was not known and this overspend is offset by a corresponding underspend in Supplies and Services.

Requests for mutual aid assistance will frequently result in additional overtime. The outturn overspend includes the overtime for mutual aid provided to other forces at short notice. This cost is offset by additional mutual aid income included in Incidents below. Charges for mutual aid are at a standard rate irrespective of whether the time was provided as overtime or substantive hours.

Agency - the overspend is due to the extension of Agency contracts for critical Operational reasons to cover vacant posts, including the recruitment of former Police Officers on a temporary basis to fill current vacancies in Crime and the large scale abstractions to resource an investigation on behalf of a neighbouring Force.

During the year some Agency contracts across a number of Directorates were extended for Operational reasons, resulting in an overspend, which has been partly offset by an underspend of £250k on money set aside for particular activities during the year which wasn't required.

Leavers Costs - during the year a review of Senior Management Teams resulted in a number of redundancies and early retirements across Departments. These costs were not anticipated when the budget was set.

The savings achieved from the new staffing structures have been included in the budget going forward.

Employee Other Non-Salary Costs - overall vacancies have contributed to a small underspend on accommodation and subsistence costs and fewer Major Incidents requiring overnight accommodation or travel abroad.

A provision of £168k was included in the 2012/13 accounts for relocation expenses to transferees from other Forces. It has now been agreed that NYP will not pay these relocation expenses resulting in an underspend against this budget, partly offset by relocation expenses paid in relation to the recruitment of a new Chief Constable and Assistant Chief Constable during the year.

NYP Collaboration - The outturn includes the salary costs of Forensic staff who were waiting for redeployment in the first part of the year and the subsequent redundancy costs that were not recharged to Region.

Premises costs

Property and Facilities continue to replace old inefficient heating systems with more efficient boilers and building management systems to give more control and in 2013/14 the heating system at Headquarters was updated.

Revised utility invoices, sale of premises and the milder winter resulted in savings on utility costs. These changes were taken into account when the 2014/15 budget was set.

A contingency for additional costs in relation to new tier one properties was not be required. Any costs should be more than offset by the savings associated with closing existing properties and the contingency has been removed from the budget going forward. A number of leases for tier one properties have been terminated since the budget was set.

When the budget was set it was assumed that the full lease cost for Athena House would be paid by the Group and recharged to the Crown Prosecution Service (CPS) for the full year. However, following their move to other premises, the CPS started to pay for their share of the lease directly resulting in an underspend against the premises budget offset by an overspend against the income budget for the recharge not required.

A reduction in the use of external room hire for training purposes and a delay in moving into new premises in York also resulted in savings in 2013/14 against the budget.

These underspends have been partly offset by an overspend on the repairs and maintenance budget. During the year a number of additional works have been carried out in line with operational requirements including the creation of a new classroom and relocating the trainers to meet the Force training requirements, the replacement of the Uninterrupted Power Supply (UPS), strengthening the plant room floor and the installation of new changeover switches to improve resilience to the main server room infrastructure.

Supplies and Services

When the 2013/14 budget was set a number of contingency budgets were held centrally including £100k for the Apprentice scheme, £100k for additional uniform costs for student Police Officers, PCSOs and Specials, £100k accommodation for Student Officers, £100k ISD contingency for additional licences due to changing technology, £75k Officer High Speed Driver Training and a regional contingency of £165k. During the year the costs relating to these contingencies have either been absorbed within the relevant corporate budget or were not required resulting in an overall underspend against the budget of £622k and the forecast of £475k.

When the budget was set £500k was set aside for targeted initiatives to reduce crime and disorder. The majority of the agreed initiatives resulted in additional overtime worked and the underspend on supplies and service budget is offset by the overspend on overtime.

The underspend of £356k on the legal and insurance budget is offset by a transfer to the insurance provision of £433k.

In October 2013 North Yorkshire Police launched an enhanced Major Crime Unit to increase its capability to investigate murder and other serious violent and sexual crimes. The running costs for this new unit were originally included in the 2013/14 budget for the full year resulting in an underspend. £100k of this underspend was earmarked from the Crime - Evidence and Forensic budget to help reduce the backlog of forensic analysis work resulting from the increased use of computers and mobile devices by criminals. The value of the work necessitated the Regional Procurement agreement. This was not completed by the end of the financial year and was included in the carry-forward requests considered by the Executive Board.

During 2013/14 North Yorkshire's Sexual Assault Referral Centre (SARC) was opened to provide victims of sexual crime with help, support and advice rather than having the only option to report directly to the Police. The first year's costs of running the centre have resulted in an underspend. Where appropriate the 2014/15 budget has been amended to reflect these savings. An increase in cross border charges expected as a result of the closure of all rape suites except SARC has not happened yet so the true cost of these charges will not been seen until 2014/15. The number of call-outs for sexual offence examinations was less than budgeted.

A contingency of £50k for the Prisoner Welfare contract has not been required this year.

Work has been ongoing in ISD to ensure all contracts deliver best value for money and as a result contracts have been merged and other contracts ceased as necessary. An underspend of £80k resulted. These changes have been reflected in the 2014/15 budget.

A delay in the renewal of the Microsoft Enterprise Agreement, which forms part of the IT infrastructure review, has meant that the costs only commenced from 1 October resulting in an underspend of £50k against the budget in 2013/14. This is a one-off underspend as the full annual cost will be reflected in the 2014/15 accounts.

Following ongoing discussions with the Home Office and Airwaves, a credit of £37k was received for a shortfall in service delivery relating to spot enhancements at four locations. This reduction in cost in 2013/14 was offset by an increased Revenue Contribution to Capital (RCCO) to fund the cost of the additional Airwave radio coverage at Fulford Road, York.

When the budget was set funds of £434k were set aside for Road Safety and other Partnership initiatives. These were not spent and the transfer to reserves not required resulting in an underspend.

In 2013/14 work commenced to review and enable the transfer of the responsibility of Custody and Medical Welfare Provision from the Police to NHS England. The budget for this work was funded by a grant of £120k from the Department of Health. During the year £50k was spent on consultancy work including a police custody health needs assessment and project work by the NHS Commissioning Board resulting in an underspend of £70k which has been carried forward to 2014/15. This underspend is offset by a corresponding overspend against targeted grant.

During the year the savings identified when new contracts are negotiated or processes implemented have been identified and captured centrally. These savings have been taken into account when setting the 2014/15 budget.

The final Regional Collaboration charges were less than the budget partly due to the late start of the identification unit and the early return of Regional Roads Policing who have now been moved out of Regional Collaboration and back into Operational budgets. This underspend was offset by an overspend for the use of the Regional Underwater Search Unit during the year.

Transport

The 2013/14 budget assumed a 5% increase in fuel costs but the average cost of fuel has reduced by 2.6% between November 2012 and December 2013 . This has resulted in a full year saving of £135k.The bulk of NYP's fleet is now fuelled by diesel which is more economical than petrol vehicles which has resulted in a further saving.

Vacancies and an increased use of technology for conference calling have reduced the cost of travelling expenses.

These underspends have been partly offset by an overspend on the cost of using the National Police Air Service. Contracted flying hours were increased during the year.

The 2014/15 budget has been amended to reflect these changes where necessary.

Segmental Analysis

The results can be analysed across operating segments as follows:

Table 3

	Budget	Outturn	Variance
	£'000	£'000	£'000
Response and Reassurance	53,811	51,290	2,521
Crime	24,223	23,724	499
Specialist Operations	21,287	21,149	138
Corporate	13,553	11,175	2,378
Other	28,828	28,219	609
Segment Net Cost of Services (= Force Net Expenditure in Table 1)	**141,702**	**135,557**	**6,145**

Full details on segment reporting is shown in Statement of Accounts Note 4.

Table 4

Current Year	Response and Reassurance	Crime	Specialist Operations	Corporate	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure						
Employee Costs	48,940	22,616	18,949	4,056	16,591	**111,152**
Premises Costs	6	3	44	1	4,657	**4,711**
Supplies and Services	949	837	1,784	4,063	6,442	**14,075**
Transport	1,395	268	359	89	529	**2,640**
Financial and Pension Costs	-	-	13	2,966	-	**2,979**
Segment Net Cost of Services	**51,290**	**23,724**	**21,149**	**11,175**	**28,219**	**135,557**

Response and Reassurance

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

Crime

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

Specialist Operations

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

Corporate

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

Other

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

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 5

	2013/14
	£'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	70,572
Deficit for the Year on the Provision of Services as per Comprehensive Income and Expenditure Statement	**70,572**

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 6 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.

4. Regional Working

The Group continued to engage in collaborative working throughout 2013/14 in partnership with the other Yorkshire and the Humber forces. The governance for this regional programme of activity was via the Joint Police Authority Committee (JPAC) until 22 November 2012 and is now via the Regional Collaboration Board in accordance with the Heads of Agreement. Up to 31 August 2013 the administration of activities was via the Regional Programme Team, including the financial administration of regional budgets, which was led by West Yorkshire PCC (WYPCC).

With effect from 1 September 2013, the Regional Programme changed to a lead force model and the Regional Programme Team was disbanded. Each lead force is responsible for the financial administration of the programme they lead. The impact of regional working on CCNY primary statements is as follows:

- The CIES incorporates CCNY's contribution to the regional work for the 2013/14 financial year (See Statement of Accounts Note 8b);

- Humberside PCC (HPCC) have lead responsibility within the regional programme for property matters. One property is leased under these arrangements and is shown in Humberside accounts, however the potential future impact of this arrangement on NYPCC has been disclosed as a contingent liability (see Statement of Accounts Note 16);

- The Cash Flow statement incorporates the cash outflow associated with regional contributions paid.

A number of regional units are in operation. These include strategic roads policing, regional procurement and forensic services. The contribution to regional working in the year was £3.5m. One of the drivers is to reduce costs and overheads. To date the requirement to achieve savings has been planned and met without taking savings from regional working into account.

5. Achievements

The 2013/14 financial year was one of significant development for policing in North Yorkshire. The Police and Crime Commissioner published the first Police and Crime Plan following consultation with the public and local stakeholders, Chief Constable Dave Jones took up post, and Assistant Chief Constable Paul Kennedy was appointed. The strong collaborative approach forged between the Commissioner and the Chief Constable and his operational leadership team during the year, has ensured that there is now a robust mechanism for public priorities to flow into the delivery of services on the ground.

A number of major initiatives were introduced throughout 2013/14, in line with the themes outlined in the Police and Crime Plan. These included:

- The opening of a new dedicated Major Crime Unit in Harrogate to focus on the investigation of murder and other serious violent and sexual crimes, including the development of specialist skills for officers and staff working in this important field;

- The launch of Operation Hawk, an intelligence-led campaign which uses automatic number plate recognition technology to identify and pursue criminals who travel into North Yorkshire to prey on the region's rural communities;

- The development of a new protective services hub, to enable police officers, analysts and specialist staff to work together to protect the area's most vulnerable people, including children at risk of sexual exploitation and those under threat of serious domestic violence;

- A continued commitment to frontline delivery through the introduction of new Police Officers in Scarborough and Special Constables in York and Selby;

- The creation of a panel to ensure that Out of Court Disposals are properly scrutinised, and only used where appropriate, to increase the level of public trust in this mechanism for serving justice.

6. 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. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The net pension liability at 31 March 2014 has been calculated by the actuaries, in accordance with International Accounting Standard 19, to be £1,299.8m.

CCNY participates in three pension schemes:

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

The liabilities of £1,299.8m 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. The impact results in a negative overall balance of £1,301.8m. However, statutory arrangements for funding the deficit mean that the financial position of CCNY remains healthy:

- The deficit on the local government scheme 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.

During 2011 there was a national consultation and report produced in relation to pensions. Lord Hutton reported on the long-term reform of public service pensions. The wide remit included both the LGPS and Police Pension Schemes. A Career Average Scheme (CARE) for the LGPS came into effect from 1 April 2014. The current final salary Police Pension Schemes will close from April 2015. The changes are aimed at longer-term stability and viability and there is no reason to expect that these will adversely affect the liability position rather they should, as intended, improve it.

7. Provisions and Contingencies

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

8. Events after the Reporting period

Details are provided in Statement of Accounts Note 17.

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

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

10. Accounting Policies and Presentation of the Accounts

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

Under the Audit Commission Act 1998 members of the public have the right to inspect CCNY's accounts and supporting documents, and to question the auditor, or make objections to the matters contained in them. The times at which the accounts are deposited for inspection are advertised in the Yorkshire Post and both the Commissioner's and 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 Finance Officer for the Chief Constable for North Yorkshire
Date: 24 September 2014

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Responsibilities of the Chief Constable for 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.

Dave Jones

Chief Constable for North Yorkshire
Date: 24 September 2014

The Responsibilities of the Chief Constable's Chief Finance Officer

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

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

- selected suitable accounting policies and then applied them consistently;

- made judgements and estimates that were reasonable and prudent;

- complied with the Code of Practice.

The Chief Finance Officer has also:

- kept proper accounting records which were up to date;

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

Certificate by the Chief Constable's Chief Finance Officer

I certify that the Statement of Accounts has been prepared in accordance with proper accounting practice and presents a true and fair view of the financial position of the Chief Constable for North Yorkshire at 31 March 2014, and its income and expenditure for the year then ended.

Jane Palmer

Chief Finance Officer for the Chief Constable for North Yorkshire
Date: 24 September 2014

MOVEMENT IN RESERVES STATEMENT for the YEAR ENDED 31 March 2014

	Note	General Fund Balance £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves £'000
Balance at 1 April 2012 - Restated		**-**	**-**	**(1,140,658)**	**(1,140,658)**
Surplus/(deficit) on provision of services (accounting basis)		(62,714)	(62,714)	-	(62,714)
Other comprehensive income and expenditure	2a	-	-	(139,141)	(139,141)
Total Comprehensive income and expenditure		(62,714)	(62,714)	(139,141)	(201,855)
Adjustments between accounting basis & funding basis under regulations	1	62,714	62,714	(62,714)	-
Net increase/(decrease)		**-**	**-**	**(201,855)**	**(201,855)**
Balance at 31 March 2013 - Restated		**-**	**-**	**(1,342,513)**	**(1,342,513)**
Surplus/(deficit) on provision of services (accounting basis)		(70,572)	(70,572)	-	(70,572)
Other comprehensive income and expenditure	2a	-	-	111,320	111,320
Total Comprehensive income and expenditure		(70,572)	(70,572)	111,320	40,748
Adjustments between accounting basis & funding basis under regulations	1	70,572	70,572	(70,572)	-
Net increase/(decrease)		**-**	**-**	**40,748**	**40,748**
Balance at 31 March 2014		**-**	**-**	**(1,301,765)**	**(1,301,765)**

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

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT for the Year Ended 31 March 2014

		2013/14			2012/13 Restated		
		Gross Expenditure	Income	Net Expenditure	Gross Expenditure	Income	Net Expenditure
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Local Policing		63,661	-	63,661	68,647	-	68,647
Dealing with the Public		14,020	-	14,020	14,660	-	14,660
Criminal Justice Arrangements		13,140	-	13,140	13,245	-	13,245
Roads Policing		8,808	-	8,808	8,995	-	8,995
Specialist Operations		11,952	-	11,952	12,686	-	12,686
Intelligence		9,547	-	9,547	9,503	-	9,503
Investigation		21,711	-	21,711	21,036	-	21,036
Investigative Support		4,329	-	4,329	4,789	-	4,789
National Policing		6,304	-	6,304	5,631	-	5,631
Cost of Police Services		**153,472**	**-**	**153,472**	159,192	-	159,192
Non-Distributed costs							
- Past service costs	15	30	-	30	60	-	60
- Curtailment costs	15	297	-	297	105	-	105
Intragroup Funding		-	(140,698)	(140,698)	-	(152,084)	(152,084)
Net Cost of Services		**153,799**	**(140,698)**	**13,101**	159,357	(152,084)	7,273
Financing and Investment Income and Expenditure	5			57,471			55,441
Surplus or Deficit on the Provision of Services				**70,572**			62,714
(Surplus) or deficit on remeasurements of scheme assets and liabilities	15			(111,320)			139,141
Other Comprehensive (Income) and Expenditure				**(111,320)**			139,141
Total Comprehensive (Income) and Expenditure				**(40,748)**			201,855

BALANCE SHEET as at 31 March 2014

	Note	31 March 2014 £'000	31 March 2013 Restated £'000	31 March 2012 Restated £'000
Current Assets				
Inventories	10	133	94	136
Short-term Debtors	11	13,966	14,353	14,879
Cash & Cash Equivalents	12	16	19	20
Total Current Assets		**14,115**	14,466	15,035
Total Assets		**14,115**	14,466	15,035
Current Liabilities				
Short-term Creditors	13	(14,053)	(14,721)	(14,774)
Short-term Provisions	14	(913)	(1,175)	(1,095)
Total Current Liabilities		**(14,966)**	(15,896)	(15,869)
Long-Term Liabilities				
Long-term Provisions	14	(1,075)	(923)	(998)
Pension Fund Liability	15	(1,299,839)	(1,340,160)	(1,138,826)
Total Long-Term Liabilities		**(1,300,914)**	(1,341,083)	(1,139,824)
Net Assets (Liabilities)		**(1,301,765)**	(1,342,513)	(1,140,658)
Reserves				
Unusable Reserves				
Pensions Reserve	2	(1,299,839)	(1,340,160)	(1,138,826)
Accumulated Absences Account	2	(1,926)	(2,353)	(1,832)
Total Unusable Reserves		**(1,301,765)**	(1,342,513)	(1,140,658)
Total Reserves		**(1,301,765)**	(1,342,513)	(1,140,658)

CASH FLOW STATEMENT for the YEAR ENDED 31 March 2014

	Note	2013/14	2012/13 Restated
		£'000	£'000
Net deficit / (surplus) on the provision of services		**70,572**	**62,714**
Adjustments to net deficit / (surplus) on the provision of services for non-cash movements:			
(Increase) / decrease in provisions		110	(5)
Movement in pension liability		(70,999)	(62,193)
Increase / (decrease) in debtors		(387)	(526)
Decrease in creditors		668	53
Increase / (decrease) in inventories		39	(42)
		(70,569)	(62,713)
Adjustments for items included in the net deficit / (surplus) on the provisions of services that are investing and financing activities:			
Net Cash Flows from Operating Activities		**3**	**1**
Net (increase) / decrease in cash and cash equivalents		**3**	**1**
Cash and cash equivalents at the beginning of the reporting period	12	19	20
Cash and cash equivalents at the end of the reporting period	12	**16**	**19**

ACCOUNTING POLICIES for the YEAR ENDED 31 March 2014 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 2013/14 (the Code) and the Service Reporting Code of Practice for Local Authorities 2013/14 (SeRCOP), supported by International Financial Reporting Standards (IFRS) and statutory guidance.

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

The principal accounting policies adopted are set out below.

2. Transfer of Functions from North Yorkshire Police Authority

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

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

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

The transfer has been accounted for under the merger accounting provisions of the Code, and the financial statements for 2012/13 were presented as if the functions had been performed by CCNY for the whole of the year ending 31 March 2013.

3. Accounting Principles

Balance Sheet

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

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

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

Comprehensive Income and Expenditure Statement (CIES)

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

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

Intra-Group Charges

NYPCC makes charges to CCNY:

- for the use of Long-Term Assets, equivalent to the debits made to the NYPCC CIES for the impairment, depreciation, amortisation and revaluation of the assets

CCNY makes charges to NYPCC:

- for the cost of policing services

Changes to Accounting Principles

In the 2012/13 accounts, all the assets, liabilities and reserves were included in the single entity Balance Sheet of NYPCC. Revised guidance has now been issued in support of the Code, and as a result it has now been determined that some of the assets, liabilities and reserves should be shown in the single entity accounts of CCNY. Under the Code, this is a change in accounting policy and requires presentation of restated Balance Sheets at 31 March 2012 and 31 March 2013 as well as a restated CIES for the year ended 31 March 2013.

Details of the restatements are included in the relevant notes to these financial statements.

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

Under the Code, the amendments to the following International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) apply to these accounts for the first time:

IAS 1 - "Presentation of Financial Statements" (issued in June 2011). This amendment relates to changes to the Comprehensive Income and Expenditure Account (CIES) concerning items that are potentially reclassifiable to (Surplus) or Deficit on the Provision of Services at a future time. Items recorded under Other Comprehensive Income and Expenditure on the CIES to be grouped into:

- those that will not be reclassified subsequently to profit or loss; and
- those that will be reclassified subsequently to profit or loss when specific conditions are met.

All the items recorded by CCNY in these accounts as Other Comprehensive Income and Expenditure are of the type that will not be reclassified subsequently to profit or loss, so this presentation change has not had an impact on these accounts.

IAS 19 "Employee Benefits" (issued in June 2011). This relates to changes to the presentation of Other Long-Term Employee Benefits and Termination Benefits.

CCNY does not have any employee benefits plans (other than post-employment benefits) which are not expected to be settled wholly before 12 months after the end of the accounting period so the changes to Other Long-Term Employee Benefits have not had an impact on these accounts.

The changes to the recognition and measurement of termination benefits have not had an impact on the presentation of figures in these accounts.

IAS 19 "Employee Benefits" (issued in June 2011). This requires changes to the presentation of Post-Employment Benefits (i.e. Pension Schemes). There are new classes of components of defined benefit cost to be recognised in the financial statements (net interest on the defined benefit liability and remeasurements of the net defined benefit liability) and new recognition criteria for past service costs. Implementation of these changes has not had a significant impact on the presentation of figures in these accounts. The disclosure changes have been incorporated into Note 15 to these accounts and the CIES. Comparative figures have been restated as appropriate.

IFRS 7 "Financial Instruments: Disclosures" (December 2011). This amendment relates to disclosures about Offsetting Financial Assets and Liabilities. However CCNY does not have any financial assets or liabilities that fall within IFRS 7, so this IFRS has not impacted on these financial statements.

5. 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.

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 NYPCC to HM Revenue and Customs and the majority of VAT paid is recoverable from it.

8. Overheads and Support Services

The costs of overheads and support services are charged to those services that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice for Local Authorities 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 charge from NYPCC equivalent to the current service cost of benefits accrued during the year. Segment information in these financial statements is based on the internal management reporting. Segments are reported where expenditure is 10% or more of the gross expenditure within the net cost of services.

The functions performed are reported using the following segments:

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

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

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

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

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

10. Jointly Controlled Operations - Regional Working

CCNY engages in collaborative working in partnership with the other Yorkshire and the Humber forces to deliver a number of specific services on a regional basis. The governance for this regional programme of activity was via a Joint Police Authority Committee (JPAC) until 22 November 2012 when a Regional Collaboration Board was constituted in accordance with the Heads of Agreement up to 31 August 2013. The administration of activities was via the Regional Programme Team, including the financial administration of regional budgets, which was led by the Police and Crime Commissioner for West Yorkshire Police (WYPCC).

With effect from 1 September 2013, the regional programme changed to a lead force model and the Regional Programme Team was disbanded. 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.

WYPCC financial statements include memorandum accounts summarising all pertinent transactions up to 31 August 2013.

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.

For the purpose of the cash flow statement, Cash and Cash Equivalents are shown net of outstanding bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

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.

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 3, it has been determined that substantially all the assets, liabilities 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.

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)	£9.4m	£22.3m
Rate of inflation (increase or decrease by 0.1%)	£9.9m	Not provided
Rate of increase in salaries (increase or decrease by 0.1%)	£7.8m	£5.5m
Rate of increase in pensions (increase or decrease by 0.1%)	Not provided	£21.6m
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	£3.8m	£26.8m

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 £199k 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 £91k 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 Duties Management system.

Approximately 76% of the accrual (£1.5m) relates to rest days in lieu (RDIL). An increase or decrease of 5% in the number of RDIL owed would change the accrual by £74k.

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 2014:

- IFRS 13 Fair Value Measurements (May 2011)
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS12 Disclosure of Interests in Other Entities
- IAS 27 Separate Financial Statements (as amended in 2011)
- IAS 28 Investments in Associates and Joint Ventures (as amended in 2011)
- IAS 32 Financial Instruments: Presentation

NOTES to the ACCOUNTS for the CHIEF CONSTABLE of NORTH YORKSHIRE

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	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000
Amounts by which pension costs calculated in accordance with the Code are different from the contributions due under pension scheme regulations	70,999	70,999	(70,999)	-
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	(427)	(427)	427	-
Total	**70,572**	**70,572**	**(70,572)**	**-**

Prior Year - Restated	General Fund Balance	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000
Amounts by which pension costs calculated in accordance with the Code are different from the contributions due under pension scheme regulations	62,193	62,193	(62,193)	-
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	521	521	(521)	-
Total	**62,714**	**62,714**	**(62,714)**	**-**

2. Unusable Reserves

	Note	31 March 2014 £'000	31 March 2013 £'000	31 March 2012 £'000
Pensions Reserve	2a	(1,299,839)	(1,340,160)	(1,138,826)
Accumulated Absences Account	2b	(1,926)	(2,353)	(1,832)
Total Unusable Reserves		**(1,301,765)**	**(1,342,513)**	**(1,140,658)**

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 employers' 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.

	2013/14 £'000	2012/13 Restated £'000	2011/12 Restated £'000
Balance at 1 April	**(1,340,160)**	**(1,138,826)**	**(1,064,168)**
Remeasurements of pension assets and liabilities	111,320	(139,141)	(8,212)
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	(91,317)	(82,608)	(87,896)
Employer's pension contributions and direct payments to pensioners payable in the year	20,318	20,415	21,450
Balance at 31 March	**(1,299,839)**	**(1,340,160)**	**(1,138,826)**

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.

	2013/14 £'000	2012/13 Restated £'000	2011/12 Restated £'000
Balance at 1 April	**(2,353)**	**(1,832)**	**(1,785)**
Settlement or cancellation of accrual made at the end of the preceding year	2,353	1,832	1,785
Amounts accrued at the end of the current year	(1,926)	(2,353)	(1,832)
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	427	(521)	(47)
Balance at 31 March	**(1,926)**	**(2,353)**	**(1,832)**

3. Leases

CCNY leases a number of properties, which have been accounted for as operating leases. The total rentals payable in 2013/14 were £432k (2012/13 £349k).

CCNY uses certain other equipment financed under an operating lease. The amount paid in 2013/14 was £203k (2012/13 £195k).

Commitments under Operating Leases

At the balance sheet date CCNY was committed to making total payments of £635k (2012/13 £544k) under operating leases.

		Expiring in less than 1 year	Expiring between 1 and 5 years	Expiring in over 5 years	Total
		£'000	£'000	£'000	£'000
2014	**Land and Buildings**	91	132	209	**432**
	Plant and Equipment	-	133	70	**203**
	Total	**91**	**265**	**279**	**635**
2013	Land and Buildings	98	95	156	349
	Plant and Equipment	126	69	-	195
	Total	**224**	**164**	**156**	**544**
2012	Land and Buildings	77	120	155	352
	Plant and Equipment	74	204	-	278
	Total	**151**	**324**	**155**	**630**

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	Response & Reassurance	Crime	Specialist Operations	Corporate	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure						
Employee costs	48,940	22,616	18,949	4,056	16,591	**111,152**
Supplies and services	949	837	1,784	4,063	6,442	**14,075**
Premises costs	6	3	44	1	4,657	**4,711**
Transport	1,395	268	359	89	529	**2,640**
Financial	-	-	13	2,966	-	**2,979**
Segmental Net Cost of Police Services	**51,290**	**23,724**	**21,149**	**11,175**	**28,219**	**135,557**

Reconciliation to the Comprehensive Income and Expenditure Statement (CIES):		**135,557**
Less:		
Amounts not included in Net Cost of Police Services	-	
Amounts reported below Cost of Police Services in CIES	184	
Plus:		
Amounts not included in Segmental Net Cost of Police Services	17,731	**17,915**
Net Cost of Police Services		**153,472**

4 (a) Amounts Reported for Resource Allocation Decisions

Prior Year - Restated	Response & Reassurance	Crime	Specialist Operations	Corporate	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure						
Employee costs	50,773	23,144	19,171	3,879	15,755	**112,722**
Supplies and services	1,157	1,405	1,789	3,020	5,922	**13,293**
Premises costs	(2)	6	48	52	4,655	**4,759**
Transport	1,466	300	363	136	495	**2,760**
Financial	-	-	1	3,183	-	**3,184**
Segmental Net Cost of Police Services	**53,394**	**24,855**	**21,372**	**10,270**	**26,827**	**136,718**

Reconciliation to the Comprehensive Income and Expenditure Statement (CIES):		**136,718**
Less:		
Amounts not included in Net Cost of Police Services	-	
Amounts reported below Cost of Police Services in CIES	57	
Plus:		
Amounts not included in Segmental Net Cost of Police Services	22,417	**22,474**
Net Cost of Police Services		**159,192**

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	Amounts not reported to management for decision making	**Net Cost of Police Services**	Amounts reported below Net Cost of Police Services	**Surplus/Deficit on Provision of Services**
	£'000	£'000	**£'000**	£'000	**£'000**
Employee expenses	111,152	12,576	**123,728**	57,798	**181,526**
Other service expenses	24,405	5,339	**29,744**	-	**29,744**
Charges to/from NYPCC	-	-	**-**	(140,698)	**(140,698)**
Total Expenditure	**135,557**	**17,915**	**153,472**	**(82,900)**	**70,572**
(Surplus) or Deficit on the Provision of Services	**135,557**	**17,915**	**153,472**	**(82,900)**	**70,572**

Prior Year - Restated	Segmental analysis	Amounts not reported to management for decision making	**Net Cost of Police Services**	Amounts reported below Net Cost of Police Services	**Surplus/Deficit on Provision of Services**
	£'000	£'000	**£'000**	£'000	**£'000**
Employee expenses	112,722	6,362	**119,084**	55,606	**174,690**
Other service expenses	23,996	16,112	**40,108**	-	**40,108**
Charges to/from NYPCC	-	-	**-**	(152,084)	**(152,084)**
Total Expenditure	**136,718**	**22,474**	**159,192**	**(96,478)**	**62,714**
(Surplus) or Deficit on the Provision of Services	**136,718**	**22,474**	**159,192**	**(96,478)**	**62,714**

4 (c) Intragroup Funding

	2013/14 £'000	2012/13 Restated £'000
Charges from NYPCC to CCNY		
Charged to appropriate headings as part of Cost of Police Services		
Amounts equivalent to:		
- amounts charged to Income & Expenditure by NYPCC for Property, Plant and Equipment	4,478	15,192
- increase in provisions	259	380
- insurance costs	184	242
- interest charge on finance leases	13	1
- inventories expensed	423	412
	5,357	**16,227**
Charges from CCNY to NYPCC		
Credited to the same headings as the costs they are recharging, as part of Cost of Police Services		
- expenditure to be charged to provisions	184	102
- democratic core costs	216	340
Credited to Net Cost of Services		
- funding provided by NYPCC	140,698	152,085
	141,098	**152,527**

5. Financing and Investment Income and Expenditure

	2013/14 Expenditure £'000	2013/14 Income £'000	2013/14 Total £'000	2012/13 Expenditure Restated £'000	2012/13 Income Restated £'000	2012/13 Total Restated £'000
Pensions interest cost	57,471	-	**57,471**	55,441	-	55,441
Total	**57,471**	**-**	**57,471**	**55,441**	**-**	**55,441**

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 Officer Resources (to 30 April 2013)

Chief Finance Officer for Chief Constable (from 1 May 2013)

* serving police officers.

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

	2013/14	2012/13
	£'000	£'000
Salaries and short-term benefits	538	485
Post-employment benefits	113	97
Termination benefits	-	248
Total	**651**	**830**

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 also applicable from 1 September.

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

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

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

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

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.

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 2013/14 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 14.0% 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 2013/14 all eligible senior officers were members of the scheme.

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

Senior Officers' contributions are currently at the rate of between 7.2% and 7.5% of pensionable salary. (See Note 15 for further information on the Local Government Pension Scheme).

6 (d) A summary of Senior Officer Remuneration for the year ended 31 March 2014 is presented below:

	Salary	Benefits in kind	Allowance	Value of employers pension contribution	Termin-ation Benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Constable:						
D Jones from 3/6/13 (1)	106	21	4	26	-	**157**
T Madgwick (Acting) to 2/6/13 (2)	19	1	1	4	-	**25**
Deputy Chief Constable:						
T Madgwick from 3/6/13 (2)	92	4	3	22	-	**121**
S Cross (Acting) to 2/6/13 (2)	18	1	1	4	-	**24**
Assistant Chief Constable:						
S Cross from 2/6/13 to 2/10/13 (2)	35	3	1	8	-	**47**
I Spittal up 23/6/13 (2)	21	1	1	5	-	**28**
K Mcintosh (Acting) from 1/9/13 (3)	68	2	2	17	-	**89**
P Kennedy from 2/9/13 (3)	55	3	2	13	-	**73**
Chief Officer Resources and Chief Constable's CFO*:						
J Carter to 30/4/13 (4)	11	-	1	2	-	**14**
Chief Constable's CFO*:						
J Palmer from 1/5/13	61	-	-	12	-	**73**
Total	**486**	**36**	**16**	**113**	**-**	**651**

* CFO - Chief Finance Officer

Benefits and allowance types payable: (1) a,b,e (2) a,b,c (3) a, b (4) b,c

The Chief Officer Resources received an allowance for providing her own vehicle for business purposes, this is shown under allowances. The operational police officers use vehicles provided by the force. These are included in benefits in kind to the extent that they are subject to taxation for personal purposes.

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

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

	Salary	Benefits in kind	Allowance	Value of employers pension contribution	Termin-ation Benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Constable:						
G Maxwell to 31/5/12 (1)	11	1	11	4	248	**275**
T Madgwick (Acting) from 1/6/12 (2)	92	8	3	22	-	**125**
Deputy Chief Constable:						
T Madgwick to 31/5/12 (2)	18	1	1	4	-	**24**
S Cross (Acting) from 1/6/12 (2)	88	6	5	21	-	**120**
Assistant Chief Constable:						
S Cross to 31/5/12 (2)	17	1	1	4	-	**23**
I Spittal from 1/6/12 (2)	83	9	3	20	-	**115**
Chief Officer Resources and Chief Constable's CFO*:						
J Carter (3)	116	-	10	22	-	**148**
Total	**425**	**26**	**34**	**97**	**248**	**830**

* CFO - Chief Finance Officer

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

The Chief Officer Resources received an allowance for providing her own vehicle for business purposes, this is shown under allowances. Chief Constable Maxwell had a vehicle allowance included in allowances. The other operational police officers used vehicles provided by the force, which were included in benefits in kind to the extent that they were subject to taxation for personal use.

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

6 (e) Officers and Staff

	2013/14	2012/13
Average number of officers and staff, including Senior Officers	**2,750**	2,755

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 91 (2012/13 90) police officers below the rank of Chief Superintendent.

Total remuneration	**2013/14**	2012/13
£50,000 to £54,999	59	52
£55,000 to £59,999	23	23
£60,000 to £64,999	8	8
£65,000 to £69,999	4	3
£70,000 to £74,999	3	4
£75,000 to £79,999	5	6
£80,000 to £84,999	1	3
£85,000 to £89,999	2	1
£90,000 to £94,999	-	-
Total	**105**	**100**

6 (f) Termination benefits

CCNY terminated the contracts of a number of employees in 2013/14, incurring liabilities of £238k (2012/13 £77k) 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**	
							£'000	£'000
	2013/14	2012/13	**2013/14**	2012/13	**2013/14**	2012/13	**2013/14**	2012/13
£0 - £20,000	-	-	7	-	7	-	60	(8)
£20,001 - £40,000	-	-	4	1	4	1	108	22
£60,001 - £80,000	-	-	1	-	1	1	70	63
Total	**-**	-	**12**	1	**12**	2	**238**	77

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

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

7 (a) Movement in Provisions

There has been a significant increase in provisions for other insurances. This follows an actuarial review which enabled a quantification of the potential cost of claims not yet made (see Note 14).

7 (b) Inventories Expensed during the Period

	2013/14	2012/13
		Restated
	£'000	£'000
Uniforms/other items	306	803
Write-down of inventories recognised	4	60
Total inventory charges recognised in the Comprehensive Income & Expenditure Statement	**310**	**863**

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 (2013/14 limit £1.3m). Contributions are made under specific agreements and if not utilised in the year of receipt are carried forward. During the year £9k (2012/13 £19k) was utilised by CCNY from the sponsorship and donation accounts in reflection of expenditure primarily on focused safety and crime reduction initiatives.

7 (d) Audit Fees

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

	2013/14	2012/13
	£'000	£'000
External Audit Fees	20	20
Rebate from Audit Commission	(3)	(1)
Total	**17**	**19**

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 £41k (2012/13 £37k) has been incurred in 2013/14 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.

Governance arrangements are in place to support Regional Collaboration. A Joint Police Authority Committee (JPAC) was constituted under section 101 and 107 of the Local Government Act 1972 until 22 November 2012, when it was replaced by a Regional Collaboration Board. The Board is a sub-committee of each participating Commissioner and 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.

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

With effect from 1 September 2013, the Regional Programme changed to a lead force model and the Regional Programme Team was disbanded. 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.

The total net expenditure of CCNY during 2013/14 in relation to the Yorkshire and the Humber regional collaboration work was £3.5m (2012/13 £1.6m) of which £1.4m (2012/13 £1.6m) was contributed directly to the Joint Arrangement managed by WYPCC in the period up to 31 August 2013. £2.1m (2012/13 £nil) was contributed to the lead force arrangements after 1 September.

West Yorkshire Police and Crime Commissioner (WYPCC) publish memorandum accounts for the Regional Collaboration Programme within their financial statements. The memorandum accounts for 2013/14 up to 31 August 2013 show the following information:

	2013/14 up to 31 August 2013	2012/13
	£'000	£'000
Staff Costs	8,799	8,957
Property related expenses	437	502
Supplies and services	4,090	2,725
Transport related expenses	406	545
Expenditure	**13,732**	**12,729**
Contributions	11,253	11,197
Other income – Home Office	2,572	1,663
Income	**13,825**	**12,860**
Surplus in year	**93**	**131**
Contributions		
West Yorkshire	4,985	4,796
South Yorkshire	2,869	2,740
North Yorkshire	1,375	1,504
Humberside	2,024	2,157
Total Contributions	**11,253**	**11,197**

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

Current Year	Share of Regional Expenditure	CCNY Expenditure	**Total Expenditure**
	£'000	£'000	**£'000**
Roads Policing	91	63	154
Operational Support	22	97	119
Intelligence	75	85	160
Investigations	241	271	512
Investigative Support	946	1,556	2,502
National Policing	-	1,901	**1,901**
Total	**1,375**	**3,973**	**5,348**

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

9. Financial Instruments

	Current	
	31 March 2014	31 March 2013
		Restated
	£'000	£'000
Debtors		
Loans and receivables (incl accrued interest)	12,598	11,365
Total Debtors	**12,598**	**11,365**
Creditors		
Financial liabilities at amortised cost	11,422	11,864
Total Creditors	**11,422**	**11,864**

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

	31 March 2014		31 March 2013	
	Carrying amount	**Fair value**	Carrying amount	Fair value
			Restated	Restated
	£'000	**£'000**	£'000	£'000
Other Creditors	11,422	11,422	11,864	11,864
Financial liabilities	**11,422**	**11,422**	**11,864**	**11,864**
Current	11,422	11,422	11,864	11,864
	11,422	**11,422**	**11,864**	**11,864**

Financial Assets - Loans and receivables

	31 March 2014		31 March 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
			Restated	Restated
	£'000	£'000	£'000	£'000
Cash and cash equivalents	16	16	19	19
Debtors	12,598	12,598	11,365	11,365
Total Financial Assets	**12,614**	**12,614**	**11,384**	**11,384**

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 (2012/13 £nil).

10. Inventories

	31 March 2014	31 March 2013	31 March 2012
		Restated	Restated
	£'000	£'000	£'000
Uniforms/Other Items	133	94	136
Total as at 31 March	**133**	**94**	**136**

All inventories comprise supplies used in the provision of services.

11. Debtors

	31 March 2014	31 March 2013	31 March 2012
		Restated	Restated
Amounts receivable:	£'000	£'000	£'000
Intragroup debtors	12,598	11,365	11,769
Payments in advance	1,368	2,988	3,110
Total as at 31 March	**13,966**	**14,353**	**14,879**

12. Cash and Cash Equivalents

	31 March 2014	31 March 2013	31 March 2012
		Restated	Restated
	£'000	£'000	£'000
Cash at bank and in hand	**16**	**19**	**20**

13. Creditors

	31 March 2014	31 March 2013 Restated	31 March 2012 Restated
Amounts due:	**£'000**	£'000	£'000
Central government bodies	429	391	82
Other local authorities (including Police and Crime Commissioners)	3,860	1,352	570
NHS bodies	8	2	3
Public corporations and trading funds	-	3	80
HMRC employment taxes and national insurance	2,044	2,288	2,186
Other creditors external to government	6,257	7,330	8,743
Intragroup creditors	1,455	3,355	3,110
Total as at 31 March	**14,053**	**14,721**	**14,774**

Other local authorities (including Police and Crime Commissioners) includes £2.7m (2012/13 £300k) 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 2013 - Restated	**1,306**	**792**	**2,098**
Additional provision required	52	122	174
Amounts utilised during year	(129)	(155)	(284)
Unused amounts credited to income statement	-	-	-
Effect of discount	-	-	-
At 31 March 2014	**1,229**	**759**	**1,988**

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

	Employee Related	Other Insurance	Total
2013/14	**£'000**	**£'000**	**£'000**
Short-term	675	238	913
Long-term	554	521	1,075
Total	**1,229**	**759**	**1,988**

	Employee Related	Other Insurance	Total
	Restated	Restated	Restated
2012/13	£'000	£'000	£'000
Short-term	842	333	1,175
Long-term	464	459	923
Total	**1,306**	**792**	**2,098**

	Employee Related	Other Insurance	Total
	Restated	Restated	Restated
2011/12	£'000	£'000	£'000
Short-term	669	426	1,095
Long-term	109	889	998
Total	**778**	**1,315**	**2,093**

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 £1.2 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, 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 three pension schemes:

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

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

Transactions Relating to Retirement Benefits

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.

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

	2013/14				2012/13 Restated	2011/12 Restated
	LGPS	Police Pension Scheme 1987	Police Pension Scheme 2006	Total	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement						
Net Cost of Services						
Current Service Cost	4,974	25,100	3,340	**33,414**	26,901	27,419
Past Service Cost - exceptional item	-	30	-	**30**	60	-
Curtailment Cost	297	-	-	**297**	105	840
Administration Costs	105	-	-	**105**	101	-
	5,376	25,130	3,340	**33,846**	27,167	28,259
Financing and Investment Income and Expenditure:						
Interest Cost	1,781	54,760	930	57,471	55,441	59,637
Net charge (credit) to surplus or deficit on provision of services	7,157	79,890	4,270	**91,317**	82,608	87,896
Other comprehensive income						
(Surplus) deficits on Remeasurements of scheme assets and liabilities	(38,123)	(74,003)	806	**(111,320)**	139,141	8,212
Net charge (credit) to Comprehensive Income and Expenditure Statement	**(30,966)**	**5,887**	**5,076**	**(20,003)**	221,749	96,108
Movement in Reserves Statement						
Reversal of net charges made to surplus or deficit on provision of services for retirement benefits in accordance with IAS19	7,157	79,890	4,270	**91,317**	82,608	87,896
Actual amount charged against the General Fund Balance for the year						
Employer's contribution payable to the scheme	(5,345)	(11,167)	(1,546)	**(18,058)**	(18,135)	(19,250)
Retirement benefits payable to pensioners	-	(2,260)	-	**(2,260)**	(2,280)	(2,200)
Total	**1,812**	**66,463**	**2,724**	**70,999**	62,193	66,446

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

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

	2013/14				2012/13	2011/12
	Funded Liabilities	**Unfunded Liabilities**		**Total**	Total Restated	Total Restated
	LGPS	**Police Pension Scheme 1987**	**Police Pension Scheme 2006**			
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000
Balance at 1 April / acquired by PCC	(148,283)	(1,277,810)	(19,210)	**(1,445,303)**	(1,225,531)	(1,145,980)
Current service cost	(4,974)	(25,100)	(3,340)	**(33,414)**	(26,901)	(27,419)
Interest cost	(6,489)	(54,760)	(930)	**(62,179)**	(59,965)	(65,018)
Contributions by scheme participants	(1,703)	(6,000)	(1,640)	**(9,343)**	(8,151)	(7,991)
Actuarial gains and (losses)	22,185	53,400	2,360	**77,945**	(169,198)	(16,260)
Benefits paid	3,325	40,030	20	**43,375**	44,608	37,977
Curtailment cost	(297)	-	-	**(297)**	(105)	(840)
Past service costs	-	(30)	-	**(30)**	(60)	-
Balance at 31 March	**(136,236)**	**(1,270,270)**	**(22,740)**	**(1,429,246)**	**(1,445,303)**	**(1,225,531)**

Reconciliation of fair value of the scheme assets

	2013/14				2012/13	2011/12
	LGPS	**Police Pension Scheme 1987**	**Police Pension Scheme 2006**	**Total**	Total Restated	Total Restated
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000
Balance at 1 April	105,143	-	-	**105,143**	86,705	81,812
Interest on plan assets	4,708	-	-	**4,708**	4,524	5,381
Adminstration expenses	(105)	-	-	**(105)**	(101)	-
Actuarial gains and (losses)	15,938	20,603	(3,166)	**33,375**	30,057	8,048
Employer contributions	5,345	13,427	1,546	**20,318**	20,415	21,450
Contributions by scheme participants	1,703	6,000	1,640	**9,343**	8,151	7,991
Benefits paid	(3,325)	(40,030)	(20)	**(43,375)**	(44,608)	(37,977)
Balance at 31 March	**129,407**	**-**	**-**	**129,407**	**105,143**	**86,705**

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 £12.5m (2012/13 gain £14.5m).

Scheme History

	2013/14	2012/13 Restated	2011/12 Restated	2010/11	2009/10
	£'000	£'000	£'000	£'000	£'000
Present value of liabilities:					
LGPS	(136,236)	(148,283)	(122,161)	(112,880)	(112,397)
Police Pension Scheme 1987	(1,270,270)	(1,277,810)	(1,091,580)	(1,024,870)	(1,115,030)
Police Pension Scheme 2006	(22,740)	(19,210)	(11,790)	(8,230)	(5,110)
Total liabilities	**(1,429,246)**	**(1,445,303)**	**(1,225,531)**	**(1,145,980)**	**(1,232,537)**
Fair value of assets (LGPS):	**129,407**	**105,143**	**86,705**	**81,812**	**70,131**
Surplus/(deficit) in the scheme:					
LGPS	(6,829)	(43,140)	(35,456)	(31,068)	(42,266)
Police Pension Scheme 1987	(1,270,270)	(1,277,810)	(1,091,580)	(1,024,870)	(1,115,030)
Police Pension Scheme 2006	(22,740)	(19,210)	(11,790)	(8,230)	(5,110)
Total	**(1,299,839)**	**(1,340,160)**	**(1,138,826)**	**(1,064,168)**	**(1,162,406)**

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 of £1.302m (2012/13 £1.342m). However, statutory arrangements for funding the deficit mean that the financial position of CCNY remains healthy.

The deficit on the local government scheme 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 2014/15 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)	16.5%	23 years
Police Pension Scheme 1987	49.6%	21 years
Police Pension Scheme 2006	45.9%	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 will 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 2013/14 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2014:

	2013/14	2012/13 restated	2011/12 restated	2010/11 restated	2009/10 restated
	%	%	%	%	%
Differences between the expected and actual return on assets:					
Percentage of scheme assets	**12.3%**	9.5%	(5.0%)	0.9%	30.4%
Experience gains and losses on liabilities:					
Percentage of scheme liabilities	**(1.3%)**	(1.9%)	(1.5%)	(1.3%)	(0.5%)

CCNY expects to make employer contributions of £4.4m to the LGPS in the year to 31 March 2015. Employer contributions to the Police Pension Schemes in the same period are expected to be £12.1m.

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 2013.

The principal assumptions used by the actuaries have been:-

	Local Government Pension Scheme		Police Pension Schemes	
	2013/14	2012/13	**2013/14**	2012/13
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	23.0 yrs	22.6 yrs	23.4 yrs	23.4 yrs
Women	25.5 yrs	25.3 yrs	25.9 yrs	25.8 yrs
Longevity at 65 for future pensioners				
Men	25.3 yrs	24.4 yrs	25.6 yrs	25.7 yrs
Women	27.8 yrs	27.2 yrs	28.0 yrs	27.9 yrs
Rate of inflation	2.4%	2.4%	2.5%	2.5%
Rate of increase in salaries	3.9% *	4.15%	4.5%	4.75%
Rate of increase in pensions	2.4%	2.4%	2.5%	2.5%
Rate for discounting scheme liabilities	4.6%	4.4%	4.4%	4.3%
Take up of option to convert annual pension into retirement grant	50.0%	50.0%	-	-

* An adjustment has been made for short-term pay restraint in line with the most recent actuarial valuation.

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

		Fair Value of Scheme Assets	
		2013/14	2012/13 Restated
		£'000	£'000
Cash and Cash Equivalents		647	526
Bonds:			
	Government	16,047	14,511
	Corporate	9,706	9,778
Sub-total Bonds		25,753	24,289
Property - UK		6,082	3,890
Private Equity			
	UK: Quoted	61,985	45,947
	Overseas: Quoted	21,352	18,190
	Overseas: Emerging Model	3,365	3,154
Sub-total Private equity		86,702	67,291
Other			
	Diversified Growth Fund	10,223	9,147
Total Assets		**129,407**	**105,143**

16. Contingent Liabilities

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.

On behalf of the Police and Crime Commissioners for Yorkshire and Humberside the Police and Crime Commissioner for Humberside has entered into a property lease arrangement. The annual costs associated with this property are shared between the four forces within the region. The Group has agreed to indemnify the Police and Crime Commissioner for Humberside against the future costs in the unlikely event that the joint collaborative arrangements are discontinued during the lifetime of the lease arrangements.

This Group has agreed to indemnify the 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.

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

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 (24 September 2014). Other than as mentioned below, no events have been identified which could materially impact on the figures in these financial statements, nor which would require disclosure to maintain the fair presentation of the financial statements.

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

The Commissioner was required to provide the Home Secretary with a Stage 2 transfer scheme under the Police Reform and Social Responsibility Act 2011. The scheme details the transfer of staff to the Chief Constable on 1 April 2014. On that date the NYPCC delegation of direction and control over all police staff to staff under the direction and control of CCNY will cease, and each party will have direction and control of staff in their own employ.

During July 2014 the Police and Crime Commissioner decided to close the project to build a Northern base for North Yorkshire Police in the light of a new opportunity for collaboration with a neighbouring force. As a result of this decision some of the costs shown as Assets Under Construction in these accounts may need to be written off during 2014/15. At this time it is not possible to quantify the amount of the write-off that will be required.

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 and previously nominated Members of the Authority. Transactions with the Yorkshire and Humberside 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 the Remuneration Report) 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.

Up to 22 November 2012, members of the Authority had control over CCNY's financial and operating policies. Members' allowances are disclosed in the Group Accounts - Note 11.

Senior police officers are members of the Association of Chief Police Officers (ACPO) and engage with ACPO on force business. During 2013/14 CCNY incurred subscriptions and other costs of £1k (2012/13 £26k). NYPCC received £nil (2012/13 £56k) from ACPO in relation to reimbursement of costs of officers seconded to ACPO.

CCNY purchased and received services to a value of £51k (2012/13 £52k) from organisations in which members (up to 22 November 2012) or senior officers had positions on the governing body. In all instances transactions were made with proper consideration of declaration of interest. The relevant members or senior officers did not take part in any discussion or decision in relation to the transactions. Where appropriate, details of these transactions are recorded in the Register of Members interests.

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 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 2013/14 on 5 March 2013. The key issues within the Strategy were:

• The Authorised Limit for 2013/14 was set at £13.1m. This was the maximum limit of external borrowings or other long-term liabilities;

• The Operational Boundary was expected to be £10.0m. 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 2013/14 was approved by the Commissioner on 5 March 2013. 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 £37.6m (2012/13 £36.1m) 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 2014 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 2014	31 March 2013 Restated	31 March 2014	31 March 2013 Restated
	£'000	£'000	£'000	£'000
Cash and cash equivalents	16	19	-	-
Other debtors and amounts owed by related parties	12,598	11,365	-	-
Total	**12,614**	**11,384**	**-**	**-**

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 2014

	2013/14 Police Pension Scheme 1987 £'000	2013/14 Police Pension Scheme 2006 £'000	2013/14 Total Police Pension Fund Account £'000	2012/13 £'000
Contributions receivable				
From Employer				
Normal	(10,614)	(1,546)	(12,160)	(12,514)
Early retirement	(553)	-	(553)	(627)
Reimbursement of unabated pensions of '30+' Police Officers	-	-	-	(3)
	(11,167)	(1,546)	(12,713)	(13,144)
From Members	(5,901)	(720)	(6,621)	(6,207)
	(17,068)	(2,266)	(19,334)	(19,351)
Transfers in				
Individual transfers from other schemes	(99)	(923)	(1,022)	(297)
Received from other PCCs re pre-1974 pensioners	-	-	-	(142)
Benefits payable				
Pensions	29,882	21	29,903	28,199
Commutations and lump sum retirement benefits	7,798	-	7,798	11,241
Lump sum death benefits	-	-	-	236
Payments to and on account of leavers				
Refunds of contributions	-	-	-	3
Individual transfers out to other schemes	91	4	95	-
Paid to other PCCs re pre-1974 pensioners	-	-	-	-
Deficit for the year before transfer from the Police and Crime Commissioner of amount equal to the deficit	**20,604**	**(3,164)**	**17,440**	**19,889**
Additional funding payable by the PCC to fund the deficit for the year	(20,604)	3,164	(17,440)	(19,889)
Net amount payable/receivable for the year	**-**	**-**	**-**	**-**

POLICE PENSION FUND NET ASSETS STATEMENT
at 31 March 2014

	Note	31 March 2014 £'000	31 March 2013 £'000
Current Assets	5		62
Current Liabilities	6		(62)
Net Assets		**-**	**-**

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 two Pension Schemes for police officers. These are unfunded schemes, meaning that there are no investment assets built up to meet the pension liabilities and cash has to be generated to meet actual pension payments as they eventually fall due. The second scheme was introduced in April 2006, with the intention that joint contributions of employers and employees would finance the full costs of pension liabilities. All police officers recruited from April 2006 onwards will become members of the new scheme and the previous scheme has been closed to new members.

The 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. 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 outgo 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.

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 2014, 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 2014	31 March 2013
	£'000	£'000
Police Pension Scheme 1987	1,270,270	1,277,810
Police Pension Scheme 2006	22,740	19,210
Total present value of liabilities	**1,293,010**	**1,297,020**

Full details of the liabilities for retirement benefits attributable to CCNY at 31 March 2014, and of the basis for assessing those liabilities, are included in Note 15 to the CCNY Accounts.

5. Current Assets

	31 March 2014	31 March 2013
	£'000	£'000
Other Local Authorities (including Police and Crime Commissioners)		62
Total	**-**	**62**

6. Current Liabilities

	31 March 2014	31 March 2013
	£'000	£'000
Other Local Authorities (including Police and Crime Commissioners)		62
Reduction in funding receivable from the Group	-	-
Total	**-**	**62**

INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE FOR NORTH YORKSHIRE

Opinion on the financial statements

We have audited the financial statements of the Chief Constable for North Yorkshire for the year ended 31 March 2014 under the Audit Commission Act 1998. 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 Net Assets Statement and 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 2013/14.

This report is made solely to the Chief Constable for North Yorkshire in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Chief Finance Officer and auditor

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

Scope of the audit of the financial statements

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

In addition, we read all the financial and non-financial information in the explanatory foreword and the annual 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 for North Yorkshire as at 31 March 2014 and of its expenditure and income for the year then ended; and

- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

Opinion on other matters

In our opinion, the information given in the explanatory foreword and the content of the Annual 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 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

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

We report if significant matters have come to our attention which prevent us from concluding that the Chief Constable for North Yorkshire 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 arrangements for securing economy, efficiency and effectiveness are operating effectively.

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

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

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

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

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Chief Constable for North Yorkshire 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 criteria published by the Audit Commission, we are satisfied that, in all significant respects, the Chief Constable for North Yorkshire put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

Certificate

We certify that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

....

Cameron Waddell CPFA
For and on behalf of Mazars LLP, Appointed Auditors
The Rivergreen Centre
Aykley Heads
Durham, DH1 5TS

Date: 24 September 2014

ANNUAL GOVERNANCE STATEMENT
CHIEF CONSTABLE OF NORTH YORKSHIRE

PLEASE SEE SEPARATE DOCUMENT

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: Currents 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