Police and Crime Commissioner North Yorkshire

Statement of Accounts 2015 -2016

The Police and Crime Commissioner for North Yorkshire

CONTENTS

NYPCC AND NYPCC GROUP

NARRATIVE REPORT TO THE STATEMENT OF ACCOUNTS
for NYPCC and NYPCC Group

1. Introduction

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

This is the fifth set of accounts prepared since the Police Reform and Social Responsibility Act 2011 (the Act) created two "corporation sole" bodies - the Police and Crime Commissioner for North Yorkshire (NYPCC) and the Chief Constable of North Yorkshire Police (CCNY). The primary statutory duty of the PCC is to ensure the maintenance of an efficient and effective police force and to hold the Chief Constable to account for the exercise of operational policing duties under the Police Act 1986.

The financial statements presented here represent accounts for NYPCC and also for the NYPCC Group (the Group). NYPCC has been identified as the parent organisation of CCNY and the requirement to produce group accounts stems from the powers and responsibilities of NYPCC under the Act.

The Group accounts for the year ended 31 March 2016 are presented in the format laid down in "The Code of Practice on Local Authority Accounting in the United Kingdom" (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The statements included in the accounts are as follows:

Statement of Responsibilities for the Statement of Accounts
This explains both NYPCC'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 the Group, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or (deficit) on the provision of services line shows the true economic cost of providing the Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for precept setting purposes. The net increase/decrease before transfers to the Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from Earmarked Reserves.

Comprehensive Income and Expenditure Statement
This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Police and Crime Commissioners raise taxation to cover expenditure in accordance with regulations and this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

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

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Group are funded by way of taxation and grant income or from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

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 the Police Pension Schemes. These statements are supported by various notes.

Annual Governance Statement

This statement outlines the Group's governance framework. It is not an audited part of the accounts on which the Auditors give an opinion, and is published as a separate document at the same time as the Statement of Accounts.

2. Accounting Principles

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

3. Summary of Financial Year 2015/16: Revenue

The Group incurred revenue expenditure during the year. Revenue expenditure is generally spent on items which are consumed within the financial year and is financed from Precepts, Government Grants and other income. Details of spend with forecast of outturn are reported throughout the year. There is a direct relationship to the spend of revenue in the year and the Comprehensive Income and Expenditure Statement, 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 £137.8m.

During 2015/16 effective management by Budget Holders resulted in an overall underspend of £2m which has been transferred to reserves to fund the Capital and Revenue Development programme in future years. The underspend was predicted as the year progressed and where appropriate recurring efficiencies have been factored into the 2016/17 budget.

The Group position against the main budget headings is shown below:

Table 1

	Budget £'000	Outturn £'000	Variance £'000
Group			
Employee Costs	112,791	111,833	958
Police Officers' Ill-Health Pensions paid by the Group	3,167	3,838	(671)
Premises	5,102	4,581	521
Supplies & Services	18,538	16,225	2,313
Transport	3,204	2,665	539
Financial Costs & Transfers to/from Reserves	632	2,662	(2,030)
Force Net Expenditure	**143,434**	**141,804**	**1,630**
Commissioned Services	2,957	2,808	149
Office of the Police and Crime Commissioner	911	741	170
Targeted Grants	(3,296)	(3,452)	156
Non-Grant Income	(6,185)	(6,063)	(122)
Total Expenditure before Pension Deficit Payment	**137,821**	**135,838**	**1,983**
Transfer to Major Capital Reserve	-	1,983	(1,983)
Total Net Expenditure	**137,821**	**137,821**	**-**
Sources of Finance			
Precepts on District Councils	60,806	60,806	-
DCLG Formula Funding	27,196	27,196	-
Legacy Council Tax Grants	7,898	7,898	-
Central Government Police Grant	41,921	41,921	-
Total Sources of Finance	**137,821**	**137,821**	**-**
Surplus (Deficit) for the year	**-**	**-**	**-**

	Budget £'000	Outturn £'000	Variance £'000
PCC			
Employee Costs	8,273	7,130	1,143
Premises	5,037	4,534	503
Supplies & Services	9,812	8,479	1,333
Transport	873	753	120
Financial Costs & Transfers to/from Reserves	500	1,698	(1,198)
PCC Net Expenditure	**24,495**	**22,594**	**1,901**
Commissioned Services	2,957	2,808	149
Office of the Police and Crime Commissioner	912	741	171
Targeted Grants	(3,296)	(3,452)	156
Non-Grant Income	(1,033)	(983)	(50)
Total Expenditure before Pension Deficit Payment	**24,035**	**21,708**	**2,327**
Transfer from Pension Reserve	-	1,983	(1,983)
Total Net Expenditure	**24,035**	**23,691**	**344**
Sources of Finance			
Precepts on District Councils	60,806	60,806	-
DCLG and Legacy Council Tax Grants	27,196	27,196	-
Legacy Council Tax Grants	7,898	7,898	-
Central Government Police Grant	41,921	41,921	-
Total Sources of Finance	**137,821**	**137,821**	**-**
Surplus for the year	**113,786**	**114,130**	**344**

Employee Costs

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

Table 2

	Budget £'000	Outturn £'000	Variance £'000
Group			
Police Salaries	70,489	69,267	1,222
PCSO Salaries	5,824	6,044	(220)
Staff Salaries	31,970	30,792	1,178
Leavers Costs	-	26	(26)
Overtime	2,161	3,647	(1,486)
Agency	1,150	1,203	(53)
Other Employee Costs	1,197	854	343
Total Employee Costs	**112,791**	**111,833**	**958**

	Budget £'000	Outturn £'000	Variance £'000
PCC			
Staff Salaries	6,958	6,459	499
Overtime	16	43	(27)
Agency	1,042	470	572
Other Employee Costs	257	158	99
Total Employee Costs	**8,273**	**7,130**	**1,143**

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

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

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

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

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

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

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

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

Corporate Services vacancies resulted in an underspend of £1,044k with £470k of this is due to delays and problems in recruiting staff for projects. As a result the budget has been slipped into 2016/17. This underspend has been offset by a reduction in the transfers from reserves required to match the spend.

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

Premises

The underspend of £503k was mainly as a result of another mild winter, the favourable oil prices during the year and an expected increase in the price per unit of electricity not materialising (£307k). There was an overall underspend on rates of £63k due to disposal of properties under the Estates Strategy and back dated rebates. Humberside Police have now joined the Regional contract for cleaning and this reduced the cleaning costs for NYP by £30k. £140k of the cost of the new Headquarters at Alverton Court has also been slipped into 2016/17.

Supplies and Services

The underspend of £2,313k has come from a number of areas.

Close scrutiny and management of the budget and continuous challenge of all non-pay expenditure by Budget Holders has meant that contingency and inflation budgets held centrally of £550k were not required.

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

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

Delays on some projects including Mobile Assets Utilisation and Deployment System (MAUDS), Mobile Working, Automatic Number Plate Recognition (ANPR) and Wellbeing resulted in budgets of £664k slipping into 2016/17.

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

Transport Costs

The falling cost of vehicle fuel and more efficient vehicles resulted in an underspend on fuel and a change in the procurement of tyres also resulted in a saving.

Financial Costs and Transfers to/from Reserves

A number of changes to the budgeted transfer to and from reserves have resulted in additional net transfers of £4m including:

The 2015/16 underspend of £2m was transferred to the Major Capital Reserve. This will be used to fund the capital programme in future years.

A transfer of £0.4m to increase provisions in line with latest requirements. This has been partly offset by the £0.2m underspend on the Legal and Insurance budget.

Slippage of £1m on a number of projects in the Capital and Revenue Development programme (CRDP) during the year meant that the corresponding transfer from reserves was not required and the funds remain in reserves until required in 2016/17.

Additional transfers to reserves also include the transfer of the OPCC underspends for use in future years.

Decision notices agreed during the year have resulted in additional transfers of £70k for revenue contributions to capital.

Targeted Grant Income

Changes between the budget and the actual grant received on a number of grants resulted in additional income of £154k. A significant amount of excess income was received through the Proceeds of Crime Act funding stream that comes from the Home Office. The value of the funds received from this source varies significantly from year to year. Some of the additional grant income will have resulted in an increase in expenditure.

Non-Grant Income

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

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

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

4. Segmental Analysis

The results for the year can be analysed across operating segments as follows:

Table 3

	Budget	**Outturn**	**Variance**
	£'000	**£'000**	**£'000**
Operational Support	12,900	12,796	104
Local Policing	65,723	63,124	2,599
Supporting Local	18,718	19,564	(846)
Specialist Operations	13,880	13,858	22
Technical	2,170	6,349	(4,179)
Corporate Support	20,562	18,581	1,981
PCC & Commissioning	3,868	3,549	319
Sergment Net Cost of services	**137,821**	**137,821**	**-**

(= Total Net Expenditure in Table 1)

Full details of the functions performed under each segment are provided in Accounting Policy 11, and more detailed segment reporting is shown in Statement of Accounts Note 5(a).

5. Comprehensive Income and Expenditure Statement (CIES):

The figures for the year shown here can be reconciled to the CIES (see Statement of Accounts Note 5 (a)) via the Movement on Reserves Statement. The technical treatment required means that the outturn presented here and the movement on the General Fund Balances in these accounts are different.

Table 4

	2015/16
	£'000
Surplus for the Year shown in Table 1	-
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	66,383
Transfers to/from Earmarked Reserves	(3,928)
Deficit for the Year on the Provision of Services as per Comprehensive Income and Expenditure Statement	**62,455**

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 26 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 12 which follows. It means that a direct link to the Balance Sheet, reserves and budget monitoring information provided regularly during each year cannot be made without a reconciliation or adjusting out the pension effect.

6. Income from Government Grants and Local Taxpayers

The NYPCC finances its spending through income received from Government Grants and local taxpayers. The contributions made by each of these sources of funding are shown in Table 1 and are also explained in Statement of Accounts Notes 9 and 10.

Council tax is the only major source of income under the Group's direct control. The other sources are determined by Central Government.

7. Collaborative Working

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

Details of the impact of these collaborations on the Statement of Accounts is provided in Note 13(b).

8. Summary of the Financial Year 2015/16: Capital Expenditure

Capital Expenditure is spent on items which provide value to the Group for more than one year and is financed from Government Grants, income realised from the sale of capital assets, revenue contributions, loans and reserves.

The budget for the 2015/16 Capital Programme was £29.8m. Actual spend during the year was £10.6m. Of the amount not spent, £16.5m was slippage to be carried forward into 2016/17 and £2.7m was underspend as a result of a number of cost reductions to planned expenditure over the year.

The investments made support the Corporate Priority: Transforming the Organisation. Investment in Information Technology is identified as a key enabler in the Police and Crime Plan, supporting North Yorkshire Police to deliver services to the communities of North Yorkshire and the City of York. The investments support the Affordability Programme, which is working to identify efficiencies and better working practices across the Group, and to reduce revenue costs.

Alongside making the savings required to balance the budget moving forward the Group has committed to continued investment to support delivery. Using a prioritisation model that assesses risks as well as opportunities for the complete portfolio of works, the Group is able to continue to invest in future years with a focus on ensuring efficient and effective delivery and cost reduction investments.

The overall capital position is as follows:

Table 5

Scheme Description	Original Budget	Spend	Slippage	Underspend
	£'000	£'000	£'000	£'000
Rolling Programmes: includes Fleet and ICT	4,366	2,155	1,158	1,053
ICT (including Strategy)	12,814	2,702	9,314	798
Estates Strategy	11,441	5,432	5,377	632
Other schemes	1,146	322	608	216
Total	**29,767**	**10,611**	**16,457**	**2,699**

Rolling Programmes - NYP has joined a national framework contract for the purchase of vehicles, resulting in savings of £641k during the year. However the framework was delivered later than expected, meaning that manufacturers were unable to supply all the vehicles ordered within the financial year and resulting in slippage of some £830k to 2016/17. Further savings have been made on equipment purchases during the year,

ICT - This segment comprises the most significant area of ongoing development expenditure, and incorporates technical ICT projects such as server virtualisation, Microsoft Exchange upgrade, unified communications, virtual desktop infrastructure and the Data Centre move to Alverton Court as well as operational projects such as Public Service Network in Policing (PSNP), Mobile Asset Utilisation and Deployment System (MAUDS), Operational Mobile Working and Automatic Number Plate Recognition (ANPR). PSNP is now in the final stages. The original estimates for the other projects placed nearly all the expenditure in 2015/16, but detailed project planning now means that significant expenditure has been able to be delayed until 2016/17.

Estates Strategy - Detailed project planning for the move to a new HQ and a later than expected tender process in relation to the Fire Service co-location at Thirsk has enabled slippage of significant expenditure to 2016/17.

Other Schemes - Slippage includes the proposed new Exhibits Store and work on the web site in connection with implementation of the communications strategy.

The capital expenditure plans and funding sources for future years are included in the Medium Term Financial Plan (MTFP).

9. Annual Report

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

The four Policing Priorities are:

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

The three Corporate Priorities are:

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

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

Safest County

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

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

Performance

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

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

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

Vulnerable People

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

• To help tackle crime against young people, North Yorkshire’s first ever Youth Commission was launched to get the views of children and young people about crime and policing issues;

• A ground-breaking programme for children in care that is supported by North Yorkshire Police has won a national award for innovation in children’s services. The programme, called No Wrong Door, helps looked-after children and young people as well as those leaving care. The aim is to replace traditional council-run children’s homes with a range of integrated services. Each No Wrong Door hub has a dedicated, multi-disciplinary team including a life coach, who is a clinical psychologist, a supportive police role and a speech and communications therapist;

• In April 2015 the Police and Crime Commissioner took over responsibility for delivering victim services and set up Supporting Victims to provide initial contact for victims. The Commissioner also provides a range of specialist services including counselling services and support for vulnerable and high risk victims.

10. Fixed Assets (See Statement of Accounts Notes 14 to 18)

All properties have been revalued as at 31st March 2016.

The depreciation and amortisation charges for the year, amounting to £5.1m (2014/15 £5.8m) have been charged to the Comprehensive Income and Expenditure Statement within Net Cost of Services.

The sale of surplus property continued in line with the Estates Strategy and contributed £1.1m capital receipts which will be used to fund the capital programme in future years. Capital receipts from the sale of vehicles contributed a further £11k which has been utilised during the year.

11. Borrowing (See Statement of Accounts Note 23)

Borrowing at 31 March 2016 is detailed in Statement of Accounts Note 23. The borrowing represents leasing arrangements for new equipment. The Group is proactive in managing its debt and overall funding and has recognised the need to borrow in the future to invest in infrastructure and capital assets. The ongoing need to make investments to respond to national requirements continues, as does the need to kit and equip officers and staff to enable them to be as effective and productive as possible. The Group has therefore adopted an approach of continuing with major investments and replacement projects as a long-term strategic view of policing delivery has been taken.

In line with the Treasury Management Strategy, careful consideration will be taken to ensure a balance of economic outlook, cash flow, reserve balances and affordability are taken into account for borrowing decisions.

The Group utilises capital grant, revenue budget contributions, reserves and borrowing to fund capital expenditure. The Medium Term Financial Plan, along with the funding strategy, considers all funding options and implications alongside the revenue impact for future years. These are then all taken into account as part of budget setting, which itself balances financing with performance outputs and investment in resources.

12. Pensions (See Statement of Accounts Note 26)

As part of the terms and conditions of officers and employees, the Group offers retirement benefits in accordance with national agreements and schemes and participates in a number of pension schemes.

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

Although pension benefits will not actually be payable until employees retire, the Group has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement and details are provided in Statement of Accounts Note 26.The liabilities show the underlying commitments that the Group has in the long run to pay retirement benefits. The total liability has a substantial impact on the net worth of the Group as recorded in the Balance Sheet and results in a negative overall balance. However, statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy.

13. Provisions and Contingencies

Details are provided in Statement of Accounts Notes 25 and 27.

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

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

15. Accounting Policies and Presentation of the Accounts

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

Under Sections 25 and 26 of the Local Audit and Accountability Act 2014 (the Act) local government electors have the right to inspect the Group's accounts and supporting documents, and to question the auditor, or make objections to the matters contained in them. The times at which the accounts are deposited for inspection are advertised on 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 Group's external auditors are:

Mazars LLP
The Rivergreen Centre
Aykley Heads
Durham
DH1 5TS

M. Porter

Michael Porter

Chief Finance Officer for the Police and Crime Commissioner for North Yorkshire
Date: 27th September 2016

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS of NYPCC and the NYPCC Group

The Responsibilities of the Police and Crime Commissioner for North Yorkshire

The Police and Crime Commissioner is required to:

- Make arrangements for the proper administration of their financial affairs and to ensure that one of their officers has the responsibility for the administration of those affairs. In this Police and Crime Commissioner's Office, that officer is the Police and Crime Commissioner's Chief Finance Officer;

- Manage their affairs to secure economic, efficient and effective use of resources and safeguard its assets;

- Approve the Statement of Accounts.

The Responsibilities of the Police and Crime Commissioner's Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the Police and Crime Commissioner'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 Police and Crime Commissioner'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 Police and Crime Commissioner for North Yorkshire and of the Group at 31 March 2016, and its income and expenditure for the year then ended.

M. Porter

Michael Porter

Chief Finance Officer for the Police and Crime Commissioner for North Yorkshire
Date: 27th September 2016

MOVEMENT IN RESERVES STATEMENT for the YEAR ENDED 31 March 2016 (Group)

	Note	General Fund Balance	Earmarked Reserves	Capital Grants Unapplied Account	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2014		**9,697**	**33,902**	**-**	**-**	**43,599**	**(1,264,070)**	**(1,220,471)**
Surplus/(deficit) on provision of services (accounting basis)		(68,447)	-	-	-	(68,447)	-	(68,447)
Other comprehensive income and expenditure	3a/26	-	-	-	-	-	(139,202)	(139,202)
Total Comprehensive income and expenditure		(68,447)	-	-	-	(68,447)	(139,202)	(207,649)
Adjustments between accounting basis & funding basis under regulations	1	62,190	-	-	-	62,190	(62,190)	-
Net increase/(decrease) before transfers to Earmarked Reserves		(6,257)	-	-	-	(6,257)	(201,392)	(207,649)
Transfers (to)/from Earmarked Reserves	2	6,257	(11,239)	-	-	(4,982)	4,982	-
Increase/(decrease) in year		**-**	**(11,239)**	**-**	**-**	**(11,239)**	**(196,410)**	**(207,649)**
Balance at 31 March 2015		**9,697**	**22,663**	**-**	**-**	**32,360**	**(1,460,480)**	**(1,428,120)**
Surplus/(deficit) on provision of services (accounting basis)		(62,455)	-	-	-	(62,455)	-	(62,455)
Other comprehensive income and expenditure	3a/26	-	-	-	-	-	221,862	221,862
Total Comprehensive income and expenditure		(62,455)	-	-	-	(62,455)	221,862	159,407
Adjustments between accounting basis & funding basis under regulations	1	66,383	-	-	1,151	67,534	(67,534)	-
Net increase/(decrease) before transfers to Earmarked Reserves		3,928	-	-	1,151	5,079	154,328	159,407
Transfers (to)/from Earmarked Reserves	2	(3,928)	(4,875)	-	-	(8,803)	8,803	-
Increase/(decrease) in year		**-**	**(4,875)**	**-**	**1,151**	**(3,724)**	**163,131**	**159,407**
Balance at 31 March 2016		**9,697**	**17,788**	**-**	**1,151**	**28,636**	**(1,297,349)**	**(1,268,713)**
Reserves held for:								
Capital purposes		-	18,298		-	18,298		
Revenue purposes		9,697	4,365	-	-	14,062		
Total at 31 March 2015		**9,697**	**22,663**	**-**	**-**	**32,360**		
Capital purposes		-	13,549	-	1,151	14,700		
Revenue purposes		9,697	4,239	-	-	13,936		
Total at 31 March 2016		**9,697**	**17,788**	**-**	**1,151**	**28,636**		

An analysis of Earmarked Reserves is provided in Note 2 and an analysis of Unusable Reserves is provided in Note 3 to the accounts.

MOVEMENT IN RESERVES STATEMENT for the YEAR ENDED 31 March 2016 (PCC)

	Note	General Fund Balance	Earmarked Reserves	Capital Grants Unapplied Account	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2014		**9,697**	**33,902**	**-**	**-**	**43,599**	**41,773**	**85,372**
Surplus/(deficit) on provision of services (accounting basis)		(9,034)	-	-	-	(9,034)	-	(9,034)
Other comprehensive income and expenditure	3a/26	-	-	-	-	-	(3,295)	(3,295)
Total Comprehensive income and expenditure		(9,034)	-	-	-	(9,034)	(3,295)	(12,329)
Adjustments between accounting basis & funding basis under regulations	1	2,777	-	-	-	2,777	(2,777)	-
Intragroup transfers of net pension liability		-	-	-	-	-	(1,175)	(1,175)
Net increase/(decrease) before transfers to Earmarked Reserves		(6,257)	-	-	-	(6,257)	(7,247)	(13,504)
Transfers (to)/from Earmarked Reserves	2	6,257	(11,239)	-	-	(4,982)	4,982	-
Increase/(decrease) in year		**-**	**(11,239)**	**-**	**-**	**(11,239)**	**(2,265)**	**(13,504)**
Balance at 31 March 2015		**9,697**	**22,663**	**-**	**-**	**32,360**	**39,508**	**71,868**
Surplus/(deficit) on provision of services (accounting basis)		357	-	-	-	357	-	357
Other comprehensive income and expenditure	3a/26	-	-	-	-	-	2,745	2,745
Total Comprehensive income and expenditure		357	-	-	-	357	2,745	3,102
Adjustments between accounting basis & funding basis under regulations	1	3,571	-	-	1,151	4,722	(4,722)	-
Net increase/(decrease) before transfers to Earmarked Reserves		3,928	-	-	1,151	5,079	(1,977)	3,102
Transfers (to)/from Earmarked Reserves	2	(3,928)	(4,875)	-	-	(8,803)	8,803	-
Increase/(decrease) in year		**-**	**(4,875)**	**-**	**1,151**	**(3,724)**	**6,826**	**3,102**
Balance at 31 March 2016		**9,697**	**17,788**	**-**	**1,151**	**28,636**	**46,334**	**74,970**
Reserves held for:								
Capital purposes		-	18,298		-	18,298		
Revenue purposes		9,697	4,365	-	-	14,062		
Total at 31 March 2015		**9,697**	**22,663**	**-**	**-**	**32,360**		
Capital purposes		-	13,549	-	1,151	14,700		
Revenue purposes		9,697	4,239	-	-	13,936		
Total at 31 March 2016		**9,697**	**17,788**	**-**	**1,151**	**28,636**		

An analysis of Earmarked Reserves is provided in Note 2 and an analysis of Unusable Reserves is provided in Note 3 to the accounts.

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

		2015/16			2014/15		
		Gross Expenditure	Income	Net Expenditure	Gross Expenditure	Income	Net Expenditure
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Local Policing		60,454	(2,102)	58,352	67,238	(2,117)	65,121
Dealing with the Public		12,863	(496)	12,367	14,526	(497)	14,029
Criminal Justice Arrangements		11,737	(726)	11,011	8,721	(640)	8,081
Roads Policing		9,907	(2,251)	7,656	9,280	(1,352)	7,928
Specialist Operations		11,026	(308)	10,718	11,482	(285)	11,197
Intelligence		9,729	(306)	9,423	11,049	(273)	10,776
Investigation		30,005	(945)	29,060	23,824	(628)	23,196
Investigative Support		5,776	(162)	5,614	5,413	(135)	5,278
National Policing		5,486	(2,064)	3,422	6,009	(2,482)	3,527
PCC Commissioned Services		2,898	-	2,898	2,248	-	2,248
Cost of Police Services		**159,881**	**(9,360)**	**150,521**	**159,790**	**(8,409)**	**151,381**
Corporate and Democratic Core		916	-	916	948	-	948
Non-Distributed Costs:							
- Past Service Cost	26	951	-	951	37	-	37
- Curtailment Cost	26	-	-	-	166	-	166
Net Cost of Services		**161,748**	**(9,360)**	**152,388**	**160,941**	**(8,409)**	**152,532**
Other Operating Income and Expenditure	6			22,133			18,917
Financing and Investment Income and Expenditure	8a			49,049			56,668
Taxation and Non-Specific Grant Income	9			(161,115)			(159,670)
Deficit on the Provision of Services				**62,455**			**68,447**
Other Comprehensive Income and Expenditure							
(Surplus) or deficit on revaluation of non-current assets	3a			(762)			(452)
(Surplus) or deficit on remeasurements of defined benefit liability	26			(221,100)			139,654
Other Comprehensive (Income) and Expenditure				**(221,862)**			**139,202**
Total Comprehensive (Income) and Expenditure				**(159,407)**			**207,649**

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

		2015/16			2014/15		
		Expenditure	Income	Net	Expenditure	Income	Net
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Local Policing		9,585	(368)	9,217	11,840	(393)	11,447
Dealing with the Public		2,040	(120)	1,920	2,558	(118)	2,440
Criminal Justice Arrangements		1,861	(343)	1,518	1,536	(362)	1,174
Roads Policing		1,571	(1,685)	(114)	1,634	(957)	677
Specialist Operations		1,748	(3)	1,745	2,022	(2)	2,020
Intelligence		1,543	(31)	1,512	1,946	(1)	1,945
Investigation		4,757	(99)	4,658	4,195	(35)	4,160
Investigative Support		916	(2)	914	953	(1)	952
National Policing		870	(1,630)	(760)	1,058	(1,989)	(931)
Recharge of Corporate Support costs to the Chief Constable		(24,510)	-	(24,510)	(27,742)	-	(27,742)
PCC Commissioned Services		2,898	-	2,898	2,248	-	2,248
Cost of Police Services		**3,279**	**(4,281)**	**(1,002)**	**2,248**	**(3,858)**	**(1,610)**
Corporate and Democratic Core		916	-	916	948	-	948
Non-Distributed Costs - Past Service Cost	26	121	-	121	5	-	5
Non Distributed Costs - Curtailment Cost	26	-	-	-	29	-	29
Intragroup Funding	5c	138,620	-	138,620	150,604	-	150,604
Net Cost of Services		**142,936**	**(4,281)**	**138,655**	**153,834**	**(3,858)**	**149,976**
Other Operating Income and Expenditure	6			22,133			18,917
Financing and Investment Income and Expenditure	8a			(30)			(189)
Taxation and Non-Specific Grant Income	9			(161,115)			(159,670)
(Surplus) or deficit on the Provision of Services				**(357)**			**9,034**
Other Comprehensive Income and Expenditure							
(Surplus) or deficit on revaluation of non-current assets	3a			(762)			(452)
(Surplus) or deficit on remeasurements of defined benefit liability	26			(1,983)			3,747
Other Comprehensive (Income) and Expenditure				**(2,745)**			**3,295**
Total Comprehensive (Income) and Expenditure				**(3,102)**			**12,329**

BALANCE SHEET as at 31 March 2016 (Group)

	Note	31 March 2016 £'000	31 March 2015 £'000
Long-Term Assets			
Property, Plant and Equipment	14	42,268	39,578
Investment Property	15	234	221
Intangible Assets	16	1,992	2,417
Assets under Construction	14	4,752	-
Total Long-Term Assets		**49,246**	**42,216**
Current Assets			
Assets Held for Sale	17	780	2,051
Short-term Investments		-	8,526
Inventories	20	265	273
Short-term Debtors	21	13,132	16,809
Cash and Cash Equivalents	22	29,008	27,422
Total Current Assets		**43,185**	**55,081**
Total Assets		**92,431**	**97,297**
Current Liabilities			
Cash and Cash Equivalents	22	(853)	(1,087)
Short-term Creditors	24	(13,212)	(19,460)
Short-term Provisions	25	(1,503)	(2,185)
Total Current Liabilities		**(15,568)**	**(22,732)**
Long-Term Liabilities			
Long-term Provisions	25	(1,207)	(663)
Pension Fund Liability	26	(1,344,335)	(1,501,913)
Other Long-term Liabilities	23	(34)	(109)
Total Long-Term Liabilities		**(1,345,576)**	**(1,502,685)**
Net Assets (Liabilities)		**(1,268,713)**	**(1,428,120)**
Reserves			
Usable Reserves			
Earmarked Reserves	2	17,788	22,663
General Fund Balance		9,697	9,697
Capital Receipts Reserve		1,151	-
Total Usable Reserves		**28,636**	**32,360**
Unusable Reserves			
Revaluation Reserve		3,406	2,818
Capital Adjustment Account		43,365	38,714
Pensions Reserve		(1,344,335)	(1,501,913)
Collection Fund Adjustment Account		1,859	1,558
Accumulated Absences Account		(1,644)	(1,657)
Total Unusable Reserves	3	**(1,297,349)**	**(1,460,480)**
Total Reserves		**(1,268,713)**	**(1,428,120)**

BALANCE SHEET as at 31 March 2016 (PCC)

	Note	31 March 2016 £'000	31 March 2015 £'000
Long-Term Assets			
Property, Plant and Equipment	14	42,268	39,578
Investment Property	15	234	221
Intangible Assets	16	1,992	2,417
Assets under Construction	14	4,752	-
Total Long-Term Assets		**49,246**	**42,216**
Current Assets			
Assets Held for Sale	17	780	2,051
Short-term Investments		-	8,526
Inventories	20	99	99
Short-term Debtors	21	13,132	16,809
Cash and Cash Equivalents	22	28,993	27,402
Total Current Assets		**43,004**	**54,887**
Total Assets		**92,250**	**97,103**
Current Liabilities			
Cash and Cash Equivalents	22	(853)	(1,087)
Short-term Creditors	24	(13,854)	(19,550)
Short-term Provisions	25	(366)	(958)
Total Current Liabilities		**(15,073)**	**(21,595)**
Long-Term Liabilities			
Long-term Provisions	25	(19)	(94)
Pension Fund Liability	26	(2,154)	(3,437)
Other Long-term Liabilities	23	(34)	(109)
Total Long-Term Liabilities		**(2,207)**	**(3,640)**
Net Assets (Liabilities)		**74,970**	**71,868**
Reserves			
Usable Reserves			
Earmarked Reserves	2	17,788	22,663
General Fund Balance		9,697	9,697
Capital Receipts Reserve		1,151	-
Total Usable Reserves		**28,636**	**32,360**
Unusable Reserves			
Revaluation Reserve		3,406	2,818
Capital Adjustment Account		43,365	38,714
Pensions Reserve		(2,154)	(3,437)
Collection Fund Adjustment Account		1,859	1,558
Accumulated Absences Account		(142)	(145)
Total Unusable Reserves	3	**46,334**	**39,508**
Total Reserves		**74,970**	**71,868**

CASH FLOW STATEMENT
for the YEAR ENDED 31 March 2016
for NYPCC and the NYPCC Group

	Note	2015/16 Group £'000	2015/16 PCC £'000	2014/15 Group £'000	2014/15 PCC £'000
Net deficit / (surplus) on the provision of services		**62,455**	**(357)**	**68,447**	**9,034**
Adjustments to net deficit / (surplus) on the provision of services for non-cash movements:					
(Increase) / decrease in provisions		139	668	(246)	(438)
Movement in pension liability		(63,522)	(700)	(58,342)	1,485
Depreciation, impairments and revaluations	18e	(4,433)	(4,433)	(6,087)	(6,087)
Increase / (decrease) in debtors		(3,698)	(3,698)	3,295	3,208
(Increase) / decrease in provision for bad debts		21	21	(50)	(50)
Decrease in creditors		6,137	5,584	562	472
Increase / (decrease) in inventories		(8)	-	47	6
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised		(1,181)	(1,181)	(502)	(502)
		(66,545)	(3,739)	(61,323)	(1,906)
Adjustments for items included in the net deficit / (surplus) on the provisions of services that are investing and financing activities:					
Proceeds of disposal of non-current assets		1,163	1,163	435	435
Net Cash Flows from Operating Activities		**(2,927)**	**(2,933)**	**7,559**	**7,563**
Net Cash Flows from Investing Activities	30	924	924	9,727	9,727
Net Cash Flows from Financing Activities	31	183	183	231	231
Net (increase) / decrease in cash and cash equivalents		**(1,820)**	**(1,826)**	**17,517**	**17,521**
Cash and cash equivalents at the beginning of the reporting period	22	26,335	26,314	43,852	43,836
Cash and cash equivalents at the end of the reporting period	22	**28,155**	**28,140**	**26,335**	**26,315**

ACCOUNTING POLICIES for the YEAR ENDED 31 March 2016 for NYPCC and the NYPCC Group

1. General and Changes in Accounting Policy

These financial statements are prepared in accordance with the Accounts and Audit (England) Regulations 2011 and proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code) and the Service Reporting Code of Practice for Local Authorities 2015/16 (SeRCOP), supported by International Financial Reporting Standards (IFRS) and statutory guidance.

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

The principal accounting policies adopted are set out below.

2. Accounting Principles

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

Based on the statutory powers and responsibilities as designated by the Act, and the local agreements and practice in place, and taking account of the guidance included in the Code, it has been determined that substantially all the assets and reserves of the Group are recognised on the NYPCC Balance Sheet. Each individual entity balance sheet includes the assets and liabilities arising from transactions included in the relevant CIES.

Comprehensive Income and Expenditure Statement (CIES)
Under the Act, CCNY is responsible to NYPCC for the day to day provision of the policing functions, including the direction and control of police officers. Staff providing Corporate Support Services (comprising Information Communications and Technology, Estates, Transport and Logistics, Corporate Communications, Legal Services and Finance) are no longer under the direction and control of CCNY.

Expenditure related to the provision of policing services by officers and staff under the direction and control of CCNY appears in the CCNY CIES. Expenditure related to the provision of Corporate Support Services appears in the NYPCC single entity CIES with effect from 1 April 2014, and is then recharged to CCNY, so that all of the Cost of Police services appears in the CCNY CIES. The Cost of Police Services is funded by a recharge to NYPCC.

Income and funding directly controlled by NYPCC is included in the NYPCC single entity CIES.

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

Intra-Group Charges
NYPCC makes charges to CCNY:

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

CCNY makes charges to NYPCC:

- for the cost of policing services

These charges are eliminated in the Group accounts.

3. Transition to International Financial Reporting Standards ("IFRS")

In 2010/11 accounts were presented in accordance with IFRS for the first time. Local authorities were required to account for the transition to IFRS in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards, except where interpretations or adaptations to fit local authorities are detailed in the Code.

The exemptions that are applicable to the Group in preparing financial statements are detailed below:

• The depreciated historical cost of an asset as at 1 April 2009 remains the depreciated historical cost of that asset as at 31 March 2009 under the Code of Practice on Local Authority Accounting in the United Kingdom 2009 - A Statement of Recommended Practice ("the SORP"), rather than requiring a retrospective review of the depreciation policy, measurement of useful life and residual cost;

• In adopting International Financial Reporting Interpretations Committee ("IFRIC") Interpretation 4 - Determining Whether an Arrangement Contains a Lease, it has been determined whether an arrangement existing as at 1 April 2009 contained a lease on the basis of facts and circumstances existing at that date. Where it has been determined that an arrangement contains a lease, that lease has been accounted for retrospectively from the commencement of the lease;

• The requirements of the Code in relation to accounting for the depreciation of significant components of an asset and the de-recognition of old components and recognition of new components have been applied to new assets completed on or after 1 April 2010 and to significant improvements to existing assets incurred from 1 April 2010.

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 ("IFRS") Standards and International Accounting Standards ("IAS") apply to these accounts for the first time:

IFRS 13 - Fair Value Measurement.

This standard provides guidance on fair value measurement and disclosure on fair value measurement and disclosure requirements for assets and liabilities which the code permits or requires should be measured at fair value. In particular the application of this standard has changed the measurement requirements for surplus assets i.e. assets that are not being used to supply services and that do not meet the criteria of assets held for sale.

The code requires this standard to be adopted with effect from 1 April 2015, but does not require the restatement of opening balances.

The application of this standard is not expected to have a significant impact on the valuations disclosed in the financial statements, although some additional disclosures will be required.

5. Accruals of Income and Expenditure

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

• Fees, charges and rents due from customers are accounted for as income at the date of provision of the relevant goods or services;

• Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;

• Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;

• Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;

• Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where 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. Grants and Contributions

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

• the conditions attached to the payments will be complied with; and

• that the grants or contributions will be received.

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

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

Police Pension Top-Up Grant

The top-up grant receivable from the Home Office in respect of the Police Pension Fund is credited to the CIES after Net Cost of Services, as part of Taxation and Non-Specific Grant Income. The equal and opposite amounts payable to the Police Pension Fund are shown within the Other Operating Income and Expenditure line of the CIES, so that the impact on council tax payers is eliminated. This treatment is in line with the requirements of the Police Pension Fund Regulations 2007 (SI 1932/2007) (updated by SI 1887/2008).

Donated Assets

Donated assets received are recognised immediately on receipt as Property, Plant and Equipment and the value of the donation is recognised in the relevant service line in the CIES, provided that conditions have been satisfied. The fair value of donated assets received for which conditions have not been satisfied are carried in the Balance Sheet in the Donated Assets Account. When conditions are satisfied, the donation is credited to the CIES. When donation income is credited to the CIES, it is reversed out of the General Fund Balance in the Movement in Reserves Statement.

Capital Grants

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

7. 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.

8. Funding of Police Pension Fund

The top-up grant receivable from the Home Office in respect of the Police Pension Fund is included in the CIES. The amounts payable to the Police Pension Fund are shown within Other Operating Income and Expenditure so that the impact on council tax payers is eliminated. This treatment is in line with the requirements of the Police Pension Fund Regulations 2007 (SI 1932/2007) (updated by SI 1887/2008).

9. Value Added Tax (VAT)

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

10. Overheads and Support Services

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

• Corporate and Democratic Core - costs relating to the Group’s status as a multi-functional, democratic organisation;

• Non-Distributed Costs - the cost of discretionary pension benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the CIES, as part of Net Cost of Services.

11. Segmental Reporting

Decisions about resource allocation within the Group 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. In particular interest and capital charges are not included in the management reports. The cost of retirement benefits is based on payment of employers’ pension contributions rather than the current service cost of benefits accrued during the year. Segment information in these financial statements is based on the Group's internal management reporting. Segments are reported where expenditure is 10% or more of the gross expenditure or where income is 10% or more of the gross income within the net cost of services.

Internal management reporting does not include information on segment assets or liabilities and, accordingly, information on segment assets and liabilities has not been included in the notes to the accounts.

The functions performed are reported using the following segments:

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

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

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

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

Technical
This segment includes technical costs not directly attributable to Operational Policing and in 2015/16 includes Police Officer injury pensions and transfers to and from reserves.

Corporate Support
This segment includes activities and costs that provide the infrastructure that allows services to be provided and the information that is required for public accountability, comprising Information Communications and Technology (ICT) , Estates, Transport and Logistics, Corporate Communications, Legal Services and Finance.

PCC and Commissioning
This PCC and Commissioning segment includes the cost of operating the NYPCC's office, the Commissioner's Statutory Officers, internal and external audit fees, democratic representation and governance, allowances and expenses for the NYPCC. The segment also includes the cost of Commissioned Services.

12. Jointly Controlled Operations - Regional Working

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

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

The participating Commissioners 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 Commissioner accounts for the assets it controls, the liabilities it incurs, the expenses that it incurs and the income receivable in relation to amounts recharged to the venture.

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

13. Property, Plant & Equipment

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

Recognition

All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis (subject to a de minimus level of £1,000), provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, such components are separately recognised, either on initial acquisition of the assets, or when the asset is enhanced or re-valued.

Measurement

Property, Plant and Equipment are initially measured at cost, comprising:

- Purchase price;

- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;

- The initial estimate of the costs of dismantling and removing the item at the end of its useful life and restoring the site on which it is located.

Borrowing costs incurred whilst assets are under construction are not capitalised - these are debited to the CIES as incurred.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the relevant service line in the CIES, unless the donation has been made conditionally. Until conditions are satisfied, the fair value of donated assets received for which conditions have not been satisfied are carried in the Balance Sheet in the Donated Assets Account. When conditions are satisfied, the donation is credited to the CIES.

Assets acquired under finance leases are measured at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Assets are then carried in the Balance Sheet using the following measurement basis:

- Land and Buildings, Police Houses, Plant and Equipment and Vehicles - fair value, determined as the lower of net current replacement cost (existing use value) and net realisable value in existing use. For non-property assets that have short useful lives or low values (or both), depreciated historical cost is used as a proxy for fair value;

- Assets in the course of construction - cost less any accumulated impairment losses until brought into use, when they are valued and reclassified.

Assets included in the Balance Sheet at fair value are re-valued sufficiently regularly to ensure that their carrying value is not materially different from their fair value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains are credited to the CIES where they arise from the reversal of a loss previously charged to a service. Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);

• Where there is no balance in the Revaluation Reserve, or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

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

Revaluation gains and losses are not permitted to have an impact on the General Fund Balance. Any gains and losses charged to the CIES are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

14. Investment Properties

Investment Properties are properties that are held to earn rentals, and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or for administrative purposes. Investment Properties are measured initially at cost and subsequently at fair value.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:
a) in the principal market for the asset, or
b) in the absence of a principal market, in the most advantageous market for the asset.

NYPCC measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value NYPCC takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NYPCC uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair
value hierarchy, as follows:
Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 - unobservable inputs for the asset or liability

Gains or losses on revaluation are debited or credited to the Financing and Investment Income line in the CIES. The same treatment is applied to gains and losses on disposal, but disposals are otherwise accounted for in accordance with Accounting Policy 19.

Revaluation and disposal gains and losses are not permitted to have an impact on the General Fund Balance. Gains are credited and losses charged to the CIES are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

All lease agreements entered into in respect of investment properties let to third parties are operating leases. Rental income from investment property is recognised on a straight-line basis over the term of the lease and is credited to Financing and Investment income and expenditure in the CIES. Any lease incentives granted are recognised as an integral part of the total rental income.

15. Assets Held for Sale

Non-current assets are reclassified as an Asset Held for Sale when it becomes probable that the carrying amount will be recovered principally through a sale transaction rather than its continuing use. This condition is regarded as met when:

• a sale is highly probable;
• the asset is available for immediate sale in its present condition;
• management are committed to the sale;
• the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and
• the sale is expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets Held for Sale are carried at fair value. They are revalued immediately before reclassification and then annually, using the same basis as for investment properties as set out in AP14. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on the Provision of Services. Assets Held for Sale are not depreciated.

If an asset no longer meets the criteria to be classified as an Asset Held for Sale, it is classified back to non-current assets and valued at the lower of:

- the carrying amount before it was classified as held for sale; adjusted for depreciation, amortisation and/or revaluations that would have been recognised had it not been classified as held for sale; and

- the recoverable amount at the date of the decision not to sell.

Assets to be abandoned or scrapped are not reclassified as Assets Held for Sale.

The eventual disposal of an Asset Held for Sale is accounted for in accordance with Accounting Policy 19.

Disposal gains and losses are not permitted to have an impact on the General Fund Balance. Gains and losses charged to the CIES are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

16. Intangible Assets

Purchased Software

Expenditure on non-monetary assets that do not have physical substance but are identifiable and controlled by the Group as a result of past events, is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset.

Expenditure on software is recognised initially at cost. Amounts are only revalued where the fair value can be determined by reference to an active market. In practice, no software licences held meet this criterion and they are therefore carried at amortised cost.

Revaluation gains and losses are not permitted to have an impact on the General Fund Balance. Any gains and losses charged to the CIES would therefore be reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

Expenditure incurred on an intangible asset after it has been recognised does not meet the recognition requirements of the Code and is charged to the Surplus or Deficit on the Provision of Services in the CIES.

All expenditure on website development is charged to the CIES, since the website is primarily intended to promote services.

Internally Generated Assets

All expenditure on the development of intangible assets is charged to the CIES, since the expenditure does not meet the recognition requirements of the Code.

Other Intangibles

At 31 March 2016 no other intangible assets were held.

17. Impairment of Tangible and Intangible Assets

This policy applies to the impairment of Property, Plant and Equipment, Investment Properties, Assets Held for Sale and Intangible Assets, modified as set out in the specific accounting policies for these categories of assets.

Tangible and intangible assets are reviewed annually to determine whether there is any indication that those assets have suffered an impairment. Where such indication exists, and if the differences are estimated to be material, the recoverable amount of the asset is estimated and an impairment loss is recognised for the shortfall (if any).

The recoverable amount is the higher of fair value (less costs to sell) and value in use. Value in use of a non-cash generating asset is the present value of the asset’s remaining service potential. Value in use of a cash generating asset is the present value of the future cash flows expected to be derived from the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment in respect of a non-revalued asset is recognised as an expense against the relevant service line in the CIES. An impairment loss on a revalued asset is recognised in the Revaluation Reserve to the extent that the impairment does not exceed the amount in the Revaluation Reserve for the same asset and thereafter in the CIES.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Impairment gains and losses are not permitted to have an impact on the General Fund Balance by statutory arrangements. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for any sale proceeds greater than £10,000, the Capital Receipts Reserve.

18. Disposals of Tangible and Intangible Assets

This policy applies to the disposal of Property, Plant and Equipment, Investment Properties, Assets Held for Sale and Intangible Assets, modified as set out in the specific accounting policies for these categories of assets.

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

Where a significant separate component of an asset is replaced or restored, the carrying amount of the old component is de-recognised to avoid double counting. This includes de-recognition of significant parts of an asset not previously recognised as a separate component.

Amounts received for a disposal in excess of £10,000 are categorised as Capital Receipts and are credited to the Capital Receipts Reserve (the usable element) or the Capital Adjustment Account (the set-aside element, if applicable) and can then only be used for new capital investment or set aside to reduce the underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

Where there is deferred credit held in respect of the asset disposed off (e.g. a balance on the Donated Assets Account) this is written off to the CIES as part of the gain or loss on disposal.

Disposal gains and losses are not permitted to have an impact on the General Fund Balance by statutory arrangements. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for any sale proceeds greater than £10,000, the Capital Receipts Reserve.

19. Depreciation of Tangible Assets and Amortisation of Intangible Assets

This policy applies to Property, Plant and Equipment and Intangible Assets, modified as set out in the specific accounting policies for these categories of assets.

Depreciation is provided for on all Property, Plant and Equipment assets with a determinable finite life (i.e. excluding Land) that are available for use by the systematic allocation of their depreciable amounts over their useful lives. Amortisation is similarly charged on Intangible Assets.

Depreciation is calculated in the following bases:

- Land is not depreciated;
- Buildings (excluding Assets under Construction) - straight line allocation over the life of the asset, as assessed by the valuer at the time of valuation. Lives used range between 20 and 50 years;
- Vehicles, Plant, Furniture and Equipment - a percentage of the value of each class of asset in the Balance Sheet. Percentages used are based on estimated lives of up to 5 years, as advised by a suitably qualified officer.

Amortisation of intangible fixed assets is calculated on the following basis:

- A percentage of the value in the Balance Sheet. Percentages used are based on finite useful lives of between 2 and 7 years, as advised by a suitably qualified officer.

Where an asset has major components with different estimated useful lives, these are depreciated or amortised separately.

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

Depreciation and amortisation are not permitted to have an impact on the General Fund Balance by statutory arrangements. The amounts charged to the CIES are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

20. Charges to the Comprehensive Income and Expenditure Statement (CIES) for the Use of Tangible and Intangible Assets

The CIES is debited with the following amounts to record the real cost of holding tangible and intangible assets during the year:

- Depreciation attributable to tangible fixed assets;

- Amortisation attributable to intangible fixed assets;

- Revaluation and impairment losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off.

The Group is not required to raise council tax to cover depreciation, amortisation or revaluation and impairment losses. However, an annual provision from revenue is required to contribute towards the reduction of the overall borrowing requirement equal to an amount calculated on a prudent basis determined in accordance with statutory guidance. Depreciation, amortisation and revaluation and impairment losses are therefore replaced by the contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

21. Short-Term Investments

Short-Term Investments comprise interest-bearing deposits, held with banks and other financial institutions, maturing more than three months from the date of acquisition. They are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the deposits are derecognised or impaired, as well as through the amortisation process.

22. 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.

23. 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.

24. 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.

25. 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.

26. 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.

The Group has not given any financial guarantees.

The Group 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 the Group 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.

The Group 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.

The Group has not transferred any financial assets.

Compliance
In compliance with CIPFA guidance, the Group 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.

27. 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.

28. 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.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

Lessee

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

Lease payments are apportioned between:

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

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

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

Operating Leases
Rentals payable under operating leases are charged to the 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.

Lessor

No component of the Group has any assets acquired under finance leases or operating leases that have been subsequently sub-let to third parties.

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

Certain freehold properties are let to third parties. These arrangements are all operating leases and the properties are classified as Investment Property. Rental income from investment property is recognised on a straight-line basis over the term of the lease and is classified as income within the appropriate segment in the CIES, even where this does not match the pattern of payments receivable.

29. 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.

30. 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.

31. Reserves

Specific amounts are set aside as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the CIES in that year to count against the Net Cost of Services. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net impact on council tax payers.

Certain reserves are kept to manage the accounting process for non-current assets, financial instruments, retirement and employee benefits. These do not represent usable resources - these reserves are explained in the relevant policies.

The Group has a policy on Provisions and Reserves. This policy was adopted by NYPCC on 22 November 2012 and reviewed on 30 May 2014. The treatment of reserves and provisions within the accounts is in line with this policy.

32. Critical Accounting Estimates and Judgements

In applying the Accounting Policies, the Group 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 assets and reserves of the Group are recognised on the NYPCC Balance Sheet.

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

The Statement of Accounts contains estimated figures based on assumptions about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

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

Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of maintenance and repairs that will be incurred in relation to individual assets. The current economic climate makes it uncertain whether current spending on repairs and maintenance will be sustainable, bringing into doubt the useful lives assigned to assets.

If the useful life of assets is reduced, depreciation increases and the carrying amount of assets falls. It is estimated that the annual depreciation charge for buildings would increase by £49k (PCC £49k) for every year that useful lives had to be reduced.

Property, Plant and Equipment, Investment Properties and Assets Held for Sale.

Valuation of assets and consideration of impairment depends on a number of complex judgements and a firm of Surveyors and Valuers is engaged to provide expert advice about the assumptions to be applied. The valuation (and any impairment review) is commissioned in accordance with UKPS 1.3 of the Royal Institution of Chartered Surveyors (RICS) Valuation Standards.

When it is not possible to measure the fair value of assets using observable inputs, judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. Changes in the assumptions used could affect the fair value of assets. Significant changes in any of the unobservable inputs would result in a significantly higher or lower fair value measurement for investment properties and assets held for sale.

The effects on the asset valuation of changes in the assumptions interact in complex ways and are difficult to evaluate.

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	**PCC**	**Group**	**Group**
Change in Assumptions	**LGPS**	**LGPS**	**Police Pension Schemes**
Longevity (increase or decrease by 1 year)	£0.9m	£4.4m	£29.0m
Rate of inflation (increase or decrease by 0.1%)	Not provided	Not provided	£3.3m
Rate of increase in salaries (increase or decrease by 0.1%)	£0.2m	£1.1m	£2.1m
Rate of increase in pensions (increase or decrease by 0.1%)	£0.5m	£2.8m	£21.7m
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	£0.8m	£4.0m	£26.7m

Provisions

A provision has been made for the settlement of ongoing claims not covered by insurers, based on claims received, historical experience of claims not received at the balance sheet date and estimated settlement values.

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 £245k (PCC £37k) 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 £124k (PCC £35k) between current liabilities and long-term liabilities.

Employee Benefits

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

Approximately 78.5% (PCC 15%) of the accrual (£1.3m) (PCC £13k) relates to rest days in lieu (RDIL). An increase or decrease of 5% in the number of RDIL owed would change the accrual by £65k (PCC £1k).

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

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

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

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

Annual Improvements to IFRS Cycle 2010-2012
Annual Improvements to IFRS Cycle 2012-2014

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

IAS16 - Property, Plant and Equipment and **IAS 38 Intangible Assets - (Clarification of Acceptable Methods of Depreciation and Amortisation) -** amendments May and June 2014 for periods beginning on or after 1 January 2016.

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

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

NOTES to the ACCOUNTS for NYPCC and the NYPCC Group

1. Supplementary information to the Movement in Reserves Statement

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

Current year - Group	General Fund Balance	Earmarked Reserves	Capital Grants Unapplied Account	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Depreciation and impairment	4,373	-	-	-	4,373	(4,373)	-
Amortisation of Intangible Assets	733	-	-	-	733	(733)	-
Movement on Donated Assets Account	-	-	-	-	-	-	-
Revaluation of Property, Plant & Equipment	(780)	-	-	-	(780)	780	-
Movement in fair value of Investment Properties	(13)	-	-	-	(13)	13	-
Movement in fair value of Assets Held for Sale	120	-	-	-	120	(120)	-
Net book value of disposals	1,181	-	-	-	1,181	(1,181)	-
Sale proceeds credited as part of gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,163)	-	-	1,163	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	(12)	(12)	12	-
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	(840)	-	-	-	(840)	840	-
Application of grants to capital financing	-	-	-	-	-	-	-
Amounts by which pension costs calculated in accordance with the Code are different from the contributions due under pension scheme regulations	63,522	-	-	-	63,522	(63,522)	-
Amount by which precept income included in the Comprehensive Income & Expenditure statement is different from the amount taken to the General Fund under statute	(302)	-	-	-	(302)	302	-
Statutory provision for the repayment of debt	(278)	-	-	-	(278)	278	-
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	(13)	-	-	-	(13)	13	-
Income in relation to Donated Assets	(157)	-	-	-	(157)	157	-
Total	**66,383**	**-**	**-**	**1,151**	**67,534**	**(67,534)**	**-**

1. Supplementary information to the Movement in Reserves Statement

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

Current year - PCC	**General Fund Balance**	**Earmarked Reserves**	**Capital Grants Unapplied Account**	**Capital Receipts Reserve**	**Total Usable Reserves**	**Total Unusable Reserves**	**Total Reserves**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Depreciation and impairment	4,373	-	-	-	4,373	(4,373)	-
Amortisation of Intangible Assets	733	-	-	-	733	(733)	-
Movement on Donated Assets Account	-	-	-	-	-	-	-
Revaluation of Property, Plant & Equipment	(780)	-	-	-	(780)	780	-
Movement in fair value of Investment Properties	(13)	-	-	-	(13)	13	-
Movement in fair value of Assets Held for Sale	120	-	-	-	120	(120)	-
Net book value of disposals	1,181	-	-	-	1,181	(1,181)	-
Sale proceeds credited as part of gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,163)	-	-	1,163	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	(12)	(12)	12	-
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	(840)	-	-	-	(840)	840	-
Application of grants to capital financing	-	-	-	-	-	-	-
Amounts by which pension costs calculated in accordance with the Code are different from the contributions due under pension scheme regulations	700	-	-	-	700	(700)	-
Amount by which precept income included in the Comprehensive Income & Expenditure statement is different from the amount taken to the General Fund under statute	(302)	-	-	-	(302)	302	-
Statutory provision for the repayment of debt	(278)	-	-	-	(278)	278	-
Amounts 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	(3)	-	-	-	(3)	3	-
Income in relation to Donated Assets	(157)	-	-	-	(157)	157	-
Total	**3,571**	**-**	**-**	**1,151**	**4,722**	**(4,722)**	**-**

1. Supplementary information to the Movement in Reserves Statement

Analysis of adjustments between accounting basis and funding basis under regulations

Prior Year - Group	General Fund Balance	Earmarked Reserves	Capital Grants Unapplied Account	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Depreciation and impairment	5,071	-	-	-	5,071	(5,071)	-
Amortisation of Intangible Assets	700	-	-	-	700	(700)	-
Movement on Donated Assets Account	-	-	-	-	-	-	-
Revaluation of Property, Plant & Equipment	342	-	-	-	342	(342)	-
Movement in fair value of Investment Properties	-	-	-	-	-	-	-
Movement in fair value of Assets Held for Sale	(26)	-	-	-	(26)	26	-
Net book value of disposals	502	-	-	-	502	(502)	-
Sale proceeds credited as part of gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(435)	-	-	435	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	(435)	(435)	435	-
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	(1,045)	-	-	-	(1,045)	1,045	-
Application of grants to capital financing	-	-	-	-	-	-	-
Amounts by which pension costs calculated in accordance with the Code are different from the contributions due under pension scheme regulations	58,342	-	-	-	58,342	(58,342)	-
Amount by which precept income included in the Comprehensive Income & Expenditure statement is different from the amount taken to the General Fund under statute	(671)	-	-	-	(671)	671	-
Statutory provision for the repayment of debt	(321)	-	-	-	(321)	321	-
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	(269)	-	-	-	(269)	269	-
Income in relation to Donated Assets	-	-	-	-	-	-	-
Total	**62,190**	**-**	**-**	**-**	**62,190**	**(62,190)**	**-**

1. Supplementary information to the Movement in Reserves Statement

Analysis of adjustments between accounting basis and funding basis under regulations

Prior Year - PCC	General Fund Balance	Earmarked Reserves	Capital Grants Unapplied Account	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Depreciation and impairment	5,071	-	-	-	5,071	(5,071)	-
Amortisation of Intangible Assets	700	-	-	-	700	(700)	-
Movement on Donated Assets Account	-	-	-	-	-	-	-
Revaluation of Property, Plant & Equipment	342	-	-	-	342	(342)	-
Movement in fair value of Investment Properties	-	-	-	-	-	-	-
Movement in fair value of Assets Held for Sale	(26)	-	-	-	(26)	26	-
Net book value of disposals	502	-	-	-	502	(502)	-
Sale proceeds credited as part of gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(435)	-	-	435	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	(435)	(435)	435	-
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	(1,045)	-	-	-	(1,045)	1,045	-
Application of grants to capital financing	-	-	-	-	-	-	-
Amounts by which pension costs calculated in accordance with the Code are different from the contributions due under pension scheme regulations	(1,485)				(1,485)	1,485	
Amount by which precept income included in the Comprehensive Income & Expenditure statement is different from the amount taken to the General Fund under statute	(671)	-	-	-	(671)	671	-
Statutory provision for the repayment of debt	(321)	-	-	-	(321)	321	-
Amounts 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.	145				145	(145)	
Income in relation to Donated Assets	-	-	-	-	-	-	-
Total	**2,777**	**-**	**-**	**-**	**2,777**	**(2,777)**	**-**

2. Earmarked Reserves

Current Year	At 1 April 2015	Transfers (to)/from Revenue	Transfers to Finance Capital	Transfers between Revenue Reserves	Total Movement on Reserves	At 31 March 2016
Group and PCC	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Capital Reserve	-	2,045	(890)	(1,155)	-	-
Estates Strategy Reserve	6,718	-	(4,977)	-	(4,977)	1,741
Major Capital Reserve	11,580	3,063	(2,837)	2	228	11,808
Capital Reserves	**18,298**	**5,108**	**(8,704)**	**(1,153)**	**(4,749)**	**13,549**
Insurance Reserve	519	99	(99)	-	-	519
Confiscated Monies Reserves	34	228	-	(2)	226	260
Revenue CRDP Reserve	-	(1,280)	-	1,280	-	-
PCC Community Fund Reserve	880	(218)	-	-	(218)	662
Cost of Change Reserve	796	-	-	-	-	796
Commissioned Services Reserve	95	-	-	-	-	95
Priority Spending Reserve	-	-	-	-	-	-
Major Incident Reserve	500	-	-	-	-	500
Governance Reserve	389	170	-	-	170	559
Revenue Initiatives	1,152	(179)	-	(125)	(304)	848
LGPS Repayment Reserve	-	-	-	-	-	-
Revenue Reserves	**4,365**	**(1,180)**	**(99)**	**1,153**	**(126)**	**4,239**
Total	**22,663**	**3,928**	**(8,803)**	**-**	**(4,875)**	**17,788**

Prior Year	At 1 April 2014	Transfers (to)/from Revenue	Transfers to Finance Capital	Transfers between Revenue Reserves	Total Movement on Reserves	At 31 March 2015
Group and PCC	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Capital Reserve	952	701	(1,147)	(506)	(952)	-
Estates Strategy Reserve	6,718	-	-	-	-	6,718
Major Capital Reserve	18,441	-	(3,775)	(3,086)	(6,861)	11,580
Capital Reserves	**26,111**	**701**	**(4,922)**	**(3,592)**	**(7,813)**	**18,298**
Insurance Reserve	1,219	(640)	(60)	-	(700)	519
Confiscated Monies Reserves	43	12	-	(21)	(9)	34
Revenue CRDP Reserve	72	(578)	-	506	(72)	-
PCC Community Fund Reserve	1,180	(300)	-	-	(300)	880
Cost of Change Reserve	1,000	(379)	-	175	(204)	796
Commissioned Services Reserve	-	46	-	49	95	95
Priority Spending Reserve	1,243	(726)	-	(517)	(1,243)	-
Major Incident Reserve	805	(305)	-	-	(305)	500
Governance Reserve	1	130	-	258	388	389
Revenue Initiatives	2,228	(473)	-	(603)	(1,076)	1,152
LGPS Repayment Reserve	-	(3,745)	-	3,745	-	-
Revenue Reserves	**7,791**	**(6,958)**	**(60)**	**3,592**	**(3,426)**	**4,365**
Total	**33,902**	**(6,257)**	**(4,982)**	**-**	**(11,239)**	**22,663**

3. Unusable Reserves

Group	Note	31 March 2016	31 March 2015
		£'000	£'000
Revaluation Reserve	3a	3,406	2,818
Capital Adjustment Account	3b	43,365	38,714
Pensions Reserve	3c	(1,344,335)	(1,501,913)
Collection Fund Adjustment Account	3d	1,859	1,558
Accumulated Absences Account	3e	(1,644)	(1,657)
Total Unusable Reserves		**(1,297,349)**	**(1,460,480)**

PCC	Note	31 March 2016	31 March 2015
		£'000	£'000
Revaluation Reserve	3a	3,406	2,818
Capital Adjustment Account	3b	43,365	38,714
Pension Reserve	3c	(2,154)	(3,437)
Collection Fund Adjustment Account	3d	1,859	1,558
Accumulated Absences Account	3e	(142)	(145)
Total Unusable Reserves		**46,334**	**39,508**

3 (a) Revaluation Reserve

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

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

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

Group and PCC	Note	2015/16	2014/15
		£'000	£'000
Balance at 1 April		**2,818**	2,570
Surplus or (deficit) on revaluation of non-current assets not posted to Surplus or Deficit on the Provision of Services	18c	762	452
Difference between fair value and historical cost depreciation	3b	(42)	(183)
Accumulated gains on assets sold or scrapped	3b	(132)	(21)
Balance at 31 March		**3,406**	**2,818**

3 (b) Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Group.

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

Note 1 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Group and PCC	Note	**2015/16**	2014/15
		£'000	£'000
Balance at 1 April		**38,714**	**38,316**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:			
- Charges for depreciation and impairment on non-current assets and amortisation of intangible assets	14/16	(5,106)	(5,771)
- Revaluation adjustments on Property, Plant and Equipment	18c	780	(342)
- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	7	(1,181)	(502)
Adjusting amounts written out of the Revaluation Reserve	3a	174	204
Capital financing applied in the year:			
- Use of the Capital Receipts Reserve to finance new capital expenditure	18a	12	435
- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	18a	840	1,045
- Application of grants to capital financing of capital investment charged against the General Fund		-	-
- Statutory provision for the financing of capital investment charged against the General Fund		278	321
- Capital expenditure charged against the General Fund	2	8,803	4,982
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	15	13	-
Movements in the market value of Assets Held for Sale debited or credited to the Comprehensive Income and Expenditure Statement	17	(120)	26
Movement in Donated Assets Account debited or credited to the Comprehensive Income and Expenditure Statement		157	-
Income in relation to Donated Assets		-	-
Balance at 31 March		**43,364**	**38,714**

3 (c) Pensions Reserve

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

Group	**2015/16**	2014/15
	£'000	£'000
Balance at 1 April	**(1,501,913)**	**(1,303,917)**
Remeasurements of pension assets and liabilities	221,100	(139,654)
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	(81,498)	(87,345)
Employer's pension contributions and direct payments to pensioners payable in the year	17,976	29,003
Balance at 31 March	**(1,344,335)**	**(1,501,913)**

PCC	2015/16	2014/15
	£'000	£'000
Balance at 1 April	**(3,437)**	**-**
Intragroup transfer as a result of transfer of employees	-	(1,175)
Remeasurements of pension assets and liabilities	1,983	(3,747)
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	(1,437)	(878)
Employer's pension contributions and direct payments to pensioners payable in the year	737	2,363
Balance at 31 March	**(2,154)**	**(3,437)**

3 (d) Collection Fund Adjustment Account

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

Group and PCC	2015/16	2014/15
	£'000	£'000
Balance at 1 April	**1,558**	**887**
Amount by which precept income credited to the Comprehensive Income and Expenditure Statement is different from precept income calculated for the year in accordance with statutory requirements	301	671
Balance at 31 March	**1,859**	**1,558**

3 (e) 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.

Group	2015/16	2014/15
	£'000	£'000
Balance at 1 April	**(1,657)**	**(1,926)**
Settlement or cancellation of accrual made at the end of the preceding year	1,657	1,926
Amounts accrued at the end of the current year	(1,644)	(1,657)
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	13	269
Balance at 31 March	**(1,644)**	**(1,657)**

PCC	2015/16	2014/15
	£'000	£'000
Balance at 1 April	**(145)**	**-**
Settlement or cancellation of accrual made at the end of the preceding year	145	-
Amounts accrued at the end of the current year	(142)	(145)
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	3	(145)
Balance at 31 March	**(142)**	**(145)**

4. Leases

The Group as Lessee

The Group leases a number of properties, which have been accounted for as operating leases. The total rentals payable in 2015/16 were £331k (PCC £309k) (2014/15 £416k, PCC £384k)).

The Group uses certain other equipment financed under an operating lease. The amount paid in 2015/16 was £134k (PCC £134k) (2014/15 £196k, PCC £196k).

Commitments under Operating Leases

At the balance sheet date the Group was committed to making total payments of £1.4m (PCC £1.4m) (2014/15 £1m, PCC £1m) under operating leases.

		Not later than one year	Later than one year and not later than five years	Later than five years	Total commitments
Group		**£'000**	**£'000**	**£'000**	**£'000**
31 March 2016	**Land and Buildings**	312	282	450	**1,044**
	Plant and Equipment	165	201	-	**366**
	Total	**477**	**483**	**450**	**1,410**
PCC					
31 March 2016	**Land and Buildings**	290	282	450	**1,022**
	Plant and Equipment	165	201	-	**366**
	Total	**455**	**483**	**450**	**1,388**
Group					
31 March 2015	**Land and Building**	248	253	116	**617**
	Plant and Equipment	134	273	-	**407**
	Total	**382**	**526**	**116**	**1,024**
PCC					
31 March 2015	**Land and Building**	216	253	116	**585**
	Plant and Equipment	134	273	-	**407**
	Total	**350**	**526**	**116**	**992**

The Group as Lessor

The Group (PCC) leases out certain investment properties to tenants under operating leases. Under the terms of the operating leases no contingent rents are payable.

5. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice for Local Authorities (SeRCOP). However, decisions about resource allocation are taken on the basis of budget reports analysed across operational departments. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement);

- the cost of retirement benefits is based on cash flows (payment of employer’s pensions contributions) rather than current service cost of benefits accrued in the year;

- expenditure on some support services is budgeted and accounted for centrally.

5 (a) Amounts Reported for Resource Allocation Decisions

Current Year - Group	Operational Support	Local Policing	Supporting Local	Specialist Operations	Technical	Corporate Support	Sub-Total	PCC & Commissioning	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income									
Targeted grant	-	-	-	-	(3,452)		**(3,452)**	-	**(3,452)**
Other income	(1,759)	(366)	(2,937)	(19)	(151)	(832)	**(6,064)**	-	**(6,064)**
	(1,759)	**(366)**	**(2,937)**	**(19)**	**(3,603)**	**(832)**	**(9,516)**	**-**	**(9,516)**
Expenditure									
Employee costs	9,713	62,016	19,854	13,136	(73)	7,187	**111,833**	732	**112,565**
Supplies and services	4,644	559	2,285	260	(9)	8,485	**16,224**	2,725	**18,949**
Premises costs	19	-	-	29	-	4,534	**4,582**	60	**4,642**
Transport	179	915	362	452	4	753	**2,665**	32	**2,697**
Financial	-	-	-	-	10,030	(1,546)	**8,484**	-	**8,484**
	14,555	**63,490**	**22,501**	**13,877**	**9,952**	**19,413**	**143,788**	**3,549**	**147,337**
Segmental Net Cost of Police Services	**12,796**	**63,124**	**19,564**	**13,858**	**6,349**	**18,581**	**134,272**	**3,549**	**137,821**

Reconciliation to the Comprehensive Income and Expenditure Statement (CIES):		**137,821**
Less:		
Amounts not included in Net Cost of Police Services	(4,206)	
Amounts reported below Cost of Police Services in CIES	(254)	
Plus:		
Amounts not included in Segmental Net Cost of Police Services	17,160	**12,700**
Net Cost of Police Services		**150,521**

5 (a) Amounts Reported for Resource Allocation Decisions

Current Year - PCC	Technical	Corporate Support	PCC & Commissioning	Total
	£'000	£'000	£'000	£'000
Income				
Targeted grant	(3,452)	-	-	**(3,452)**
Other income	(151)	(832)	-	**(983)**
	(3,603)	**(832)**	**-**	**(4,435)**
Expenditure				
Employee costs	(58)	7,187	732	**7,861**
Supplies and services	(7)	8,485	2,725	**11,203**
Premises costs	-	4,534	60	**4,594**
Transport	-	753	32	**785**
Financial	5,228	(1,546)	-	**3,682**
	5,163	**19,413**	**3,549**	**28,125**
Segmental Net Cost of Police Services	**1,560**	**18,581**	**3,549**	**23,690**

Reconciliation to the Comprehensive Income and Expenditure Statement (CIES):		**23,690**
Less:		
Amounts not included in Net Cost of Police Services	(4,206)	
Amounts reported below Cost of Police Services in CIES	(254)	
Plus:		
Amounts not included in Segmental Net Cost of Police Services	(20,232)	**(24,692)**
Net Cost of Police Services		**(1,002)**

5 (a) Amounts Reported for Resource Allocation Decisions

Prior Year - Group	Crime & Justice Operations	Uniformed Operations	CC Operational Support	CFO Technical	Corporate Support	Sub Total	PCC & Commissioning	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income								
Targeted grant	-	-	-	(3,137)	-	**(3,137)**	-	(3,137)
Other income	(2,382)	(436)	(1,729)	(238)	(740)	**(5,525)**	**-**	**(5,525)**
	(2,382)	**(436)**	**(1,729)**	**(3,375)**	**(740)**	**(8,662)**	**-**	**(8,662)**
Expenditure								
Employee costs	33,528	64,180	9,830	8,322	7,197	**123,057**	644	**123,701**
Supplies and services	2,142	813	4,252	245	8,125	**15,577**	2,302	**17,879**
Premises costs	-	45	23	-	4,871	**4,939**	50	**4,989**
Transport	407	1,534	170	6	705	**2,822**	33	**2,855**
Financial	-	-	-	(962)	(721)	**(1,683)**	-	**(1,683)**
	36,077	**66,572**	**14,275**	**7,611**	**20,177**	**144,712**	**3,029**	**147,741**
Segmental Net Cost of Police Services	**33,695**	**66,136**	**12,546**	**4,236**	**19,437**	**136,050**	**3,029**	**139,079**

Reconciliation to the Comprehensive Income and Expenditure Statement (CIES):		**139,079**
Less:		
Amounts not included in Net Cost of Police Services	5,936	
Amounts reported below Cost of Police Services in CIES	(730)	
Plus:		
Amounts not included in Segmental Net Cost of Police Services	7,096	**12,302**
Net Cost of Police Services		**151,381**

5 (a) Amounts Reported for Resource Allocation Decisions

Prior Year - PCC	CFO Technical	Corporate Support	PCC & Commissioning	Total
	£'000	£'000	£'000	£'000
Income				
Targeted grant	(3,137)	-	-	**(3,137)**
Other income	(234)	(740)	-	**(974)**
	(3,371)	**(740)**	**-**	**(4,111)**
Expenditure				
Employee costs	1,342	7,197	644	**9,183**
Supplies and services	17	8,125	2,302	**10,444**
Premises costs	-	4,871	50	**4,921**
Transport	-	705	33	**738**
Financial	(4,236)	(721)	-	**(4,957)**
	(2,877)	**20,177**	**3,029**	**20,329**
Segmental Net Cost of Police Services	**(6,248)**	**19,437**	**3,029**	**16,218**

Reconciliation to the Comprehensive Income and Expenditure Statement (CIES):		**16,218**
Less:		
Amounts not included in Net Cost of Police Services	5,936	
Amounts reported below Cost of Police Services in CIES	(730)	
Plus:		
Amounts not included in Segmental Net Cost of Police Services	(23,034)	(17,828)
Net Cost of Police Services		**(1,610)**

5 (b) Reconciliation to Subjective Analysis

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

Current Year - Group	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**
Fees, charges & other service income	(5,916)	7	**(5,909)**	2	**(5,907)**
Interest and investment income	(148)	148	**-**	(148)	**(148)**
Precept income	-	-	**-**	(61,107)	**(61,107)**
Government grants and contributions	(3,452)	-	**(3,452)**	(100,008)	**(103,460)**
Total income	**(9,516)**	**155**	**(9,361)**	**(161,261)**	**(170,622)**
Employee expenses	112,566	12,834	**125,400**	72,130	**197,530**
Other service expenses	30,541	(385)	**30,156**	916	**31,072**
Depreciation, amortisation and impairment	-	4,326	**4,326**	107	**4,433**
Interest payments	24	(24)	**-**	24	**24**
Repayment of loan	278	(278)	**-**	-	**-**
Transfers to/from Reserves	3,928	(3,928)	**-**	-	**-**
Gain or loss on disposal of non-current assets	-	-	**-**	18	**18**
Total Expenditure	**147,337**	**12,545**	**159,882**	**73,195**	**233,077**
(Surplus) or Deficit on the Provision of Services	**137,821**	**12,700**	**150,521**	**(88,066)**	**62,455**

5 (b) Reconciliation to Subjective Analysis

Current Year - PCC	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**
Fees, charges & other service income	(836)	7	**(829)**	2	**(827)**
Interest and investment income	(148)	148	**-**	(148)	**(148)**
Precept income	-	-	**-**	(61,107)	**(61,107)**
Government grants and contributions	(3,452)	-	**(3,452)**	(100,008)	**(103,460)**
Total income	**(4,436)**	**155**	**(4,281)**	**(161,261)**	**(165,542)**
Employee expenses	7,862	(7,074)	**788**	22,221	**23,009**
Other service expenses	16,034	(13,543)	**2,491**	916	**3,407**
Depreciation, amortisation and impairment	-	4,326	**4,326**	107	**4,433**
Recharges equivalent to costs of financing assets	-	(4,326)	**(4,326)**	-	**(4,326)**
Interest payments	24	(24)	**-**	24	**24**
Repayment of loan	278	(278)	**-**	-	**-**
Transfers to/from Reserves	3,928	(3,928)	**-**	-	**-**
Gain or loss on disposal of non-current assets	-	-	**-**	18	**18**
Intragroup funding recharge of Net Cost of Police Services(note 5(c))	-	-	**-**	138,620	**138,620**
Total Expenditure	**28,126**	**(24,847)**	**3,279**	**161,906**	**165,185**
(Surplus) or Deficit on the Provision of Services	**23,690**	**(24,692)**	**(1,002)**	**645**	**(357)**

5 (b) Reconciliation to Subjective Analysis

Prior Year - Group	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**
Fees, charges & other service income	(5,291)	19	**(5,272)**	(9)	**(5,281)**
Interest and investment income	(234)	234	-	(234)	**(234)**
Precept income	-	-	-	(59,012)	**(59,012)**
Government grants and contributions	(3,137)	-	**(3,137)**	(100,658)	**(103,795)**
Total income	**(8,662)**	**253**	**(8,409)**	**(159,913)**	**(168,322)**
Employee expenses	123,701	412	**124,113**	76,536	**200,649**
Other service expenses	29,952	(388)	**29,564**	378	**29,942**
Depreciation, amortisation and impairment	-	6,113	**6,113**	(26)	**6,087**
Interest payments	24	(24)	**-**	24	**24**
Repayment of loan and other borrowing	321	(321)	**-**	-	**-**
Transfers to/from Reserves	(6,257)	6,257	**-**	-	**-**
Gain or loss on disposal of non-current assets	-	-	**-**	67	**67**
Total Expenditure	**147,741**	**12,049**	**159,790**	**76,979**	**236,769**
(Surplus) or Deficit on the Provision of Services	**139,079**	**12,302**	**151,381**	**(82,934)**	**68,447**

5 (b) Reconciliation to Subjective Analysis

Prior Year - PCC	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**
Fees, charges & other service income	(740)	19	**(721)**	(9)	**(730)**
Interest and investment income	(234)	234	-	(234)	**(234)**
Precept income	-	-	-	(59,012)	**(59,012)**
Government grants and contributions	(3,137)	-	**(3,137)**	(100,658)	**(103,795)**
Total income	**(4,111)**	**253**	**(3,858)**	**(159,913)**	**(163,771)**
Employee expenses	9,183	(8,981)	**202**	19,510	**19,712**
Other service expenses	17,058	(15,012)	**2,046**	378	**2,424**
Depreciation, amortisation and impairment	-	6,113	**6,113**	(26)	**6,087**
Recharges equivalent to costs of financing assets	-	(6,113)	**(6,113)**	-	**(6,113)**
Interest payments	24	(24)	**-**	24	**24**
Repayment of loan and other borrowing	321	(321)	**-**	-	**-**
Transfers to/from Reserves	(6,257)	6,257	**-**	-	**-**
Gain or loss on disposal of non-current assets	-	-	**-**	67	**67**
Intragroup funding (note 5 (c))	-	-	**-**	150,604	**150,604**
Total Expenditure	**20,329**	**(18,081)**	**2,248**	**170,557**	**172,805**
(Surplus) or Deficit on the Provision of Services	**16,218**	**(17,828)**	**(1,610)**	**10,644**	**9,034**

5 (c) Intragroup Funding

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

6. Other Operating Income and Expenditure

Group and PCC	2015/16	2014/15
	£'000	£'000
Police Pension Top-up Grant paid to Pension Scheme	21,995	18,876
Gains and losses on the disposal of non-current assets	18	67
Movement in fair value of Assets Held for Sale	120	(26)
Total	**22,133**	**18,917**

7. Gains and Losses on Disposal of Non-Current Assets

An analysis of the gains and losses on disposal of non-current assets is shown below.

Group and PCC	2015/16	2015/16	2015/16	2014/15	2014/15	2014/15
	Net Book Value	Proceeds	Total	Net Book Value	Proceeds	Total
	£'000	£'000	£'000	£'000	£'000	£'000
(Gain) / loss on:						
Property, Plant and Equipment	30	(12)	**18**	126	(59)	67
Assets Held for Sale	1,151	(1,151)	**-**	376	(376)	-
Total	**1,181**	**(1,163)**	**18**	**502**	**(435)**	**67**

8 (a) Financing and Investment Income and Expenditure

Group	2015/16 Expenditure £'000	2015/16 Income £'000	2015/16 Total £'000	2014/15 Expenditure £'000	2014/15 Income £'000	2014/15 Total £'000
Interest payable:						
On bank account	3	-	**3**	2	-	2
On other loan	-	-	**-**	22	-	22
Leasing Charges	21		**21**	-		-
Net Pensions interest cost	49,184	-	**49,184**	56,887	-	56,887
Interest income from cash and cash equivalents and short-term investments	-	(148)	**(148)**	-	(234)	(234)
Amounts in relation to Investment Properties:						
Net rental expenditure	9	(7)	**2**	10	(19)	(9)
Movement in fair value	-	(13)	**(13)**	-	-	-
Total	**49,217**	**(168)**	**49,049**	**56,921**	**(253)**	**56,668**

PCC	2015/16 Expenditure £'000	2015/16 Income £'000	2015/16 Total £'000	2014/15 Expenditure £'000	2014/15 Income £'000	2014/15 Total £'000
Interest payable:						
On bank account	3	-	**3**	2	-	2
On other loan	-	-	**-**	22	-	22
Leasing Charges	21	-	**21**	-	-	-
Net Pensions interest cost	105	-	**105**	30	-	30
Interest income from cash and cash equivalents and short-term investments	-	(148)	**(148)**	-	(234)	(234)
Amounts in relation to Investment Properties:						
Net rental expenditure	9	(7)	**2**	10	(19)	(9)
Movement in fair value	-	(13)	**(13)**	-	-	-
Total	**138**	**(168)**	**(30)**	**64**	**(253)**	**(189)**

8 (b) Investment Property Rentals

Gross and net rental income from Investment Properties

Group and PCC	**2015/16 £’000**	2014/15 £’000
Properties let to tenants under operating leases:		
Gross rent receivable	7	19
Property operating expenses	(9)	(10)
	(2)	9
Properties that did not generate any rental income:		
Property operating expenses	-	-
Net rental expenditure	**(2)**	**9**

9. Taxation and Non-Specific Grant Income

Group and PCC	Note	2015/16	2014/15
	Note	£'000	£'000
Precept Income	10	61,108	59,013
Home Office grant payable towards the cost of retirement benefits		21,995	18,875
Non-Ringfenced Government Grants:			
- Police Grant		41,921	44,654
- DCLG Formula Funding		27,196	28,185
- Legacy Council Tax Grants		7,898	7,898
Capital Grants and contributions		840	1,045
Donation Income		157	-
Total		**161,115**	**159,670**

10. Precept Income

The Police and Crime Commissioner levies a precept on all the District and Unitary Councils within North Yorkshire equivalent to the amount needed to collect in council tax on behalf of the Police and Crime Commissioner for North Yorkshire. The Commissioner set a Band D precept of £212.77 in 2015/16 (2014/15 - £208.62), which was an increase of 1.99%.

Group and PCC	Note	2015/16	2014/15
	Note	£'000	£'000
Precept set by Police and Crime Commissioner		60,049	57,957
Collection Fund surplus received		757	385
		60,806	58,342
Adjustment of surplus to accruals basis	3d	302	671
Total		**61,108**	**59,013**

The constituent Councils' contributions were as follows:

Group and PCC	2015/16	2014/15
	£'000	£'000
Craven	4,610	4,459
Hambleton	7,410	7,163
Harrogate	12,697	12,270
Richmondshire	3,990	3,850
Ryedale	4,472	4,327
Scarborough	7,842	7,494
Selby	6,277	5,933
York	13,508	12,846
Total	**60,806**	**58,342**

11. Remuneration Report

11 (a) Remuneration of Senior Officers

In setting the condition of service of Senior Officers the Police and Crime Commissioner 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 comprised the following personnel during the year:

Police and Crime Commissioner
Chief Constable *
Deputy Chief Constable *
Assistant Chief Constables *
Chief Executive Officer
Police and Crime Commissioner's Chief Finance Officer
Chief Constable's Chief Finance Officer
** serving police officers.*

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

	2015/16 Group £'000	2015/16 PCC £'000	2014/2015 Group £'000	2014/15 PCC £'000
Salaries and short-term benefits	748	187	740	206
Post-employment benefits	119	13	143	24
Total	**867**	**200**	**883**	**230**

11 (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.

11 (c) Remuneration Entitlements of Senior Officers

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

Other Allowances and Benefits
With the exception of the Police and Crime Commissioner, other allowances and benefits include allowances and expenses paid, in addition to basic salary, that are chargeable to UK income tax. They comprise the following:

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

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

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

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

Benefits in Kind
Benefits in kind include the estimated value of any benefits that are provided to senior officers in forms other than cash. During the year benefits in kind included the cash equivalents of cars provided to senior officers as disclosed to HM Revenue and Customs on form P11D. Benefits in kind do not include business use of private vehicles.

Pension Benefits

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

Police Officers
Those members of the senior officer team who are also serving police officers are eligible to join the Police Pension Scheme. During 2015/16 all eligible senior officers were members of the Police Pension Scheme 1987.

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

Senior officers' contributions are currently at the rate of 15% of pensionable salary. (See Police Pension Fund Account and Note 26 to the accounts for further information on the Police Pension schemes).

Other Senior Officers
Those members of the Senior Officer team who are not serving police officers are eligible to participate in the Local Government Pension Scheme ("LGPS"). During 2015/16 all eligible senior officers except the Police and Crime Commissioner 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 up to 31 March 2014. Thereafter the actual rate is 1/49th. There is no time limit to the amount of service that can be built up but benefits must be taken by age 75. At retirement members may opt to give up (commute) part of their pension entitlement in return for a lump sum cash payment.

Senior officers' contributions are currently at the rate of between 9.9% and 11.4% of pensionable salary. (See Note 26 to the accounts for further information on the Local Government Pension Scheme).

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

	Salary	Benefits in kind	Allowance	Value of employers pension contribution	Termin-ation Benefits	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
PCC and Group						
Police and Crime Commissioner:						
J Mulligan	70	-	-	-	-	**70**
Chief Executive Officer:						
J Carter (2)	107	-	10	13	-	**130**
Group only						
Chief Constable:						
D Jones (1)	137	2	8	29	-	**176**
Deputy Chief Constable:						
T Madgwick (1)	113	2	3	24	-	**142**
Assistant Chief Constable:						
K McIntosh (Acting) (1)	101	3	3	22	-	**129**
P Kennedy (1)	99	2	3	21	-	**125**
Chief Constable's CFO*:						
J Palmer	85	-	-	10	-	**95**
Total	**712**	**9**	**27**	**119**	**-**	**867**

** CFO - Chief Finance Officer*

Benefit and allowance types payable: (1) a,b (2) b

The Chief Executive Officer receives 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 use.

The Commissioner's Chief Finance Officer is M Porter. This function is discharged via a contract with Cleveland Police and Crime Commissioner (CPCC) and the CFO's remuneration is reflected in CPCC's accounts. During 2015/16 £50k (2014/15 £35k) was incurred in respect of this contract.

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

	Salary	Benefits in kind	Allowance	Value of employers pension contribution	Termin-ation Benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000
PCC and Group						
Police and Crime Commissioner:						
J Mulligan	70	-	-	-	-	**70**
Chief Executive Officer:						
J Carter (2)	105	-	10	20	-	**135**
Commissioner's CFO*:						
G Macdonald - up to 13/7/14	21	-	-	4	-	**25**
Group only						
Chief Constable:						
D Jones (1)	135	3	6	33	-	**177**
Deputy Chief Constable:						
T Madgwick (1)	112	4	3	27	-	**146**
Assistant Chief Constable:						
K McIntosh (Acting) (1)	95	2	3	23	-	**123**
P Kennedy (1)	97	4	3	23	-	**127**
Chief Constable's CFO*:						
J Palmer	67	-	-	13	-	**80**
Total	**702**	**13**	**25**	**143**	**-**	**883**

** CFO - Chief Finance Officer*

Benefit and allowance types payable: (1) a,b (2) b,

On 10th July 2014, M. Porter was appointed as the Commissioner's Chief Finance Officer, following the resignation of G. Macdonald. This function is discharged via a contract with Cleveland Police and Crime Commissioner (CPCC) and the CFO's remuneration is reflected in CPCC's accounts. During 2014/15 £35k (2013/14 £nil) was incurred in respect of this contract.

The Chief Executive Officer recieves 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 use.

11 (e) Officers and Staff

	2015/16 Group	**2015/16 PCC**	2014/15 Group	2014/15 PCC
Average number of officers and staff, including Senior Officers	**2,828**	**196**	2,820	101

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

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

Total remuneration	**2015/16 Group**	**2015/16 PCC**	2014/15 Group	2014/15 PCC
£50,000 to £54,999	85	2	69	5
£55,000 to £59,999	26	1	29	1
£60,000 to £64,999	4	1	7	-
£65,000 to £69,999	9	3	4	1
£70,000 to £74,999	5	-	2	1
£75,000 to £79,999	2	1	4	-
£80,000 to £84,999	2	-	2	-
£85,000 to £89,999	3	-	1	-
£90,000 to £94,999	-	-	-	-
£95,000 to £99,999	-	-	1	-
Total	**136**	**8**	**119**	**8**

11 (f) Termination Benefits

The Group terminated the contracts of a number of employees in 2015/16, incurring liabilities of £21k (PCC £nil) (£379k in 2014/15, PCC £15k) 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:

Group	**Number of Compulsory Redundancies**		**Number of Other departures**		**Total number of exit packages by cost band**		**Total cost of exit packages in each band**	
	2015/16	2014/15	**2015/16**	2014/15	**2015/16**	2014/15	**2015/16**	2014/15
							£'000	£'000
£0 - £20,000	-	-	3	4	3	4	21	48
£20,001 - £40,000	-	-	-	5	-	5	-	149
£40,001 - £60,000	-	-	-	1	-	1	-	39
£60,001 - £80,000	-	-	-	2	-	2	-	143
Total	**-**	**-**	**3**	**14**	**3**	**14**	**21**	**522**
PCC								
£0 - £20,000	-	-	-	1	-	1	-	15

12. Other Amounts Credited/Charged to the Comprehensive Income and Expenditure Statement

12 (a) Movement in Provisions

The movement in provisions is detailed in Note 25.

12 (b) Inventories Expensed during the Period

	2015/16 Group £'000	2014/15 Group £'000	2015/16 PCC £'000	2014/15 PCC £'000
Uniforms/other items	236	431	4	3
Garage	374	367	374	367
Write-down of inventories recognised	11	1	11	1
Total inventory charges recognised in the Comprehensive Income & Expenditure Statement	**621**	**799**	**389**	**371**

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

12 (c) Sponsorship

The Police and Crime Commissioner has the power to receive gifts, loans of property and sponsorship up to a limit of 1% of the annual revenue budget (2015/16 limit £1.4m). During the year £30k (PCC £4k) (2014/15 £43k, PCC £nil) was utilised by the Group from the sponsorship and donation accounts in reflection of expenditure primarily on focused safety and crime reduction initiatives. Contributions are made under specific agreements and, if not utilised in the year of receipt, are carried forward £22k (PCC £nil) (2014/15 £23k, PCC £nil) has been carried forward into 2016/17.

12 (d) Police and Crime Commissioner Costs

Costs of the Police and Crime Commissioner were:

Group and PCC	2015/16 £'000	2014/15 £'000
PCC	88	88
Statutory Officers	200	203
Panel Costs / Members Costs	1	1
Support : Employees Costs	199	205
Support : Other Costs	75	72
External Audit Fees	28	39
Internal Audit Fees	36	40
Subscriptions	25	31
Community Engagement	81	96
Other	8	6
Total Expenditure	**741**	**781**

12 (e) Audit Fees

The Group incurred the following fees relating to external audit and inspection.

	2015/16 Group £'000	2015/16 PCC £'000	2014/15 Group £'000	2014/15 PCC £'000
External Audit Fees	47	32	63	43
Rebate from Audit Commission	(9)	(6)	(6)	(4)
Legal advice	**2**	**2**		
Total	**40**	**28**	**57**	**39**

12 (f) Grant Income

In addition to the grants included in Taxation and Non-Specific Grants Income (Note 9), the Group credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015/16:

Group and PCC	2015/16	2014/15
	£'000	£'000
Credited to Services		
Anti-Terrorism	929	393
Counter-Terrorism	-	694
Criminal Records Bureau	402	416
Debt Charges Grant	-	131
Drug Driving	25	-
Domestic Violence Coordinators	63	63
Commissioning of Victim Support Services	896	460
Independent Domestic and Sexual Violence Advisors	90	55
Economic Crime Unit	304	69
Police Innovation Fund	253	168
Commissioning of Healthcare	13	18
SARC	161	60
No Wrong Door	77	-
Local Criminal Justice Board Grant	9	13
Stronger Families	21	-
Sundry Grants £10k or less	9	13
Street Triage Grant	-	195
MARAC Grant	30	35
iSAR+	14	14
Victim Services Sexual & Domestic Violence	-	18
Victim Services Competed Fund	32	271
Soteria	38	19
Direct Entry Superintendents	86	32
Total Credited to Services	**3,452**	**3,137**

The Group has received a number of grants that have yet to be recognised as income as they have conditions attached to them which have not been met during the year. At 31 March 2016 current liabilities include £112k (PCC £84k) (2015 £100k, PCC £100k) in respect of Revenue Grants received in advance and £150k (PCC £150k) in respect of Capital Grants received in advance nil in 14/15.

13. Partnership Arrangements

13 (a) Local Criminal Justice Board (LCJB)

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

During 2015/16 the Group received additional funding £9k (PCC £9k) (2014/15 £nil) from the Office for Criminal Justice Reform on behalf of the LCJB. Group expenditure of £26k (PCC £nil) (2014/15 £42k, PCC £nil) has been incurred in 2015/16 and included in these accounts.

13 (b) Regional Collaboration

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

Yorkshire and the Humber (YATH)
The Group continued to engage in collaborative working throughout 2015/16 with the other YATH forces.

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

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

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

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

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

Regional Collaboration costs have had the following impact on the Group Cost of Police Services (PCC £nil) shown on the face of the CIES:

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

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

14. Property, Plant and Equipment

Movements in Property, Plant and Equipment during the year ending 31 March 2016 were as follows:

Current Year - Group and PCC	Note	Land and Buildings: Police Stations and other commercial properties	Land and Buildings: Police Houses	Plant and Equipment	Vehicles	Assets under Construction	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
Opening Value at 1 April 2015		32,045	1,063	17,195	10,250	-	60,553
Additions		621	-	3,373	1,560	4,752	10,306
Disposals		-	-	(1,373)	(1,399)	-	(2,772)
Reclassifications		-	-	(3)	-	-	(3)
Revaluations	18c	(1,300)	(18)	-	-	-	(1,318)
Impairments	18d	-	-	-	-	-	-
Closing Value at 31 March 2016		**31,366**	**1,045**	**19,192**	**10,411**	**4,752**	**66,766**
Depreciation							
Opening Value at 1 April 2015		(1,654)	(52)	(12,992)	(6,277)	-	(20,975)
Charge for the year		(1,106)	(48)	(1,761)	(1,458)	-	(4,373)
Reclassifications		-	-	-	-	-	-
Write back depreciation on disposals		-	-	1,373	1,369	-	2,742
Write back depreciation on revaluations	18c	2,760	100	-	-	-	2,860
Write back depreciation on impairments	18d	-	-	-	-	-	-
Closing Value at 31 March 2016		**-**	**-**	**(13,380)**	**(6,366)**	**-**	**(19,746)**
Net Book Value as at 31 March 2016		**31,366**	**1,045**	**5,812**	**4,045**	**4,752**	**47,020**

Net book value at 31 March 2016 can be analysed as follows:

Property, Plant and Equipment	42,268
Assets under Construction	4,752
	47,020

Movements in Property, Plant and Equipment during the year ending 31 March 2015 were as follows:

		Land and Buildings					
Prior Year - Group and PCC		**Police Stations and other commercial properties**	**Police Houses**	**Plant and Equipment**	**Vehicles**	**Assets Under Construction**	**Total**
	Note	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost or Valuation							
Opening Value at 1 April 2014		29,674	1,165	15,168	9,841	421	56,269
Additions		3,101	1	2,048	1,750	-	6,900
Disposals		-	-	(21)	(1,341)	-	(1,362)
Reclassifications		(1,201)	(129)	-	-	-	(1,330)
Revaluations	18c	471	26	-	-	(421)	76
Impairments	18d	-	-	-	-	-	-
Closing Value at 31 March 2015		**32,045**	**1,063**	**17,195**	**10,250**	**-**	**60,553**
Depreciation							
Opening Value at 1st April 2014		-	-	(11,299)	(5,876)	-	(17,175)
Charge for the year		(1,682)	(58)	(1,714)	(1,617)	-	(5,071)
Reclassifications		-	-	-	-	-	-
Write back depreciation on disposals		-	-	21	1,216	-	1,237
Write back depreciation on revaluations	18c	28	6	-	-	-	34
Write back depreciation on impairments	18d	-	-	-	-	-	-
Closing Value at 31 March 2015		**(1,654)**	**(52)**	**(12,992)**	**(6,277)**	**-**	**(20,975)**
Net Book Value as at 31 March 2015		**30,391**	**1,011**	**4,203**	**3,973**	**-**	**39,578**
Net Book Value as at 1 April 2014		**29,674**	**1,165**	**3,869**	**3,965**	**421**	**39,094**

Net book value at 31 March 2015 can be analysed as follows:

Property, Plant and Equipment	39,578
Assets under Construction	-
	39,578

Land and Buildings (police stations and other commercial properties plus police houses) are held at market valuation. All properties were valued at 31 March 2016. The valuations are undertaken by an external valuer in accordance with the RICS Valuation Standards ("The Red Book") published by the Royal Institution of Chartered Surveyors.

The depreciation charge for the year, amounting to £4.3m (PCC £4.3m) (2014/15 £5.1m, PCC £5.1m), has been charged to the Comprehensive Income and Expenditure Statement across all lines within Net Cost of Services.

Land and Buildings include a Police Box valued at £29k which is not being depreciated on the advice of the valuers.

15. Investment Property

Movements in Investment Property during the year are shown below:

Group and PCC		**2015/16**	2014/15
	Note	**£'000**	£'000
Balance at 1 April / Acquired by the PCC		**221**	221
Additions - other expenditure		-	-
Reclassification from Property, Plant & Equipment		-	-
Reclassification to Assets Held for Sale	17	-	-
Revaluations included in CIES	18c	13	-
Balance at 31 March		**234**	**221**

All investment properties are freehold. Investment properties are those held to earn rentals or for capital appreciation or both, rather than for use in the provision of services or for administrative purposes. All investment properties are either unlet or let to tenants under operating leases.

100% (2014/15 100%) of investment properties have been measured at fair value at 31 March using significant unobservable inputs (Level 3 of the Fair Value Hierarchy) by an external valuer in accordance with the RICS Valuation Standards. The valuer has used a market approach to valuing the assets.

There has been no change in valuation techniques used for invetsment properties during the year, and no investment properties have moved between valuation hierarchy levels during the year (2014/15 none).

At the balance sheet date the Group held a total of 3 investment properties (PCC 3) (2014/15 3, PCC 3). All these properties were previously operational properties which are no longer required for operational purposes.

16. Intangible Assets

Intangible Assets comprise purchased software only. Movements during the year are shown below:

Group and PCC	**2015/16**	2014/15
	£'000	£'000
Cost		
Balance at 1 April / Acquired by the PCC	**6,686**	**4,941**
Additions - purchased	305	1,745
Reclassifications	3	-
Balance at 31 March	**6,994**	**6,686**
Amortisation		
Balance at 1 April / Acquired by the PCC	**(4,269)**	**(3,569)**
Charge for the year	(733)	(700)
Balance at 31 March	**(5,002)**	**(4,269)**
Net Book Value at 31 March	**1,992**	**2,417**

The amortisation charge for the year, amounting to £733k (PCC £733k) (2014/15 £700k, PCC £700k), has been charged to the Comprehensive Income and Expenditure Statement across all lines within Net Cost of Services.

17. Assets Held for Sale

Group and PCC	Note	2015/16 £'000	2014/15 £'000
Balance at 1 April		**2,051**	**1,071**
Assets newly classified as held for sale:			
Property, Plant and Equipment		-	1,330
Investment Properties	15	-	-
Additions		-	-
Disposals		(1,151)	(376)
Revaluations	18c	(120)	26
Depreciation		-	-
Balance at 31 March		**780**	**2,051**

100% (2014/15 100%) of investment properties have been measured at fair value at 31 March using significant unobservable inputs (Level 3 of the Fair Value Hierarchy) by an external valuer in accordance with the RICS Valuation Standards. The valuer has used a market approach to valuing the assets.

There has been no change in valuation techniques used for invetsment properties during the year, and no investment properties have moved between valuation hierarchy levels during the year (2014/15 none).

18. Analysis of amounts in relation to Non-Current Assets

18 (a) Financing of Non-Current Assets

The additions to non-current assets totalled £10.6m (PCC £10.6m) (2014/15: £8.6m, PCC £8.6m). The table below shows the resources that have been used to finance the additions. Where capital expenditure is to be financed in future years by charges to revenue, the expenditure results in an increase in the Capital Financing Requirement (CFR). The CFR is a measure of the capital expenditure incurred historically that has yet to be financed.

Group and PCC	Note	2015/16 £'000	2014/15 £'000
Capital Expenditure:			
Property, Plant and Equipment		10,306	6,900
Donated Vehicle		-	-
Intangible Fixed Assets	16	305	1,745
Assets Held for Sale	17	-	-
		10,611	8,645
Sources of finance:			
Capital Receipts	3b	12	435
Capital Grants	3b	840	1,045
Sums set aside from Revenue and Revenue Reserves	2	8,803	4,982
Lease Finance received		79	195
Donation Income		157	-
Borrowing (Internal)		720	1,988
		10,611	**8,645**

Group and PCC	2015/16 £'000	2014/15 £'000
Opening Capital Financing Requirement	**2,439**	**874**
Increase (decrease) in underlying need to borrowing (supported by government financial assistance)	-	(236)
Increase (decrease) in underlying need to borrowing (unsupported by government financial assistance)	442	1,605
Assets acquired under Finance leases	79	196
Closing Capital Financing Requirement	**2,960**	**2,439**

18 (b) Major Capital Schemes

The major items of capital expenditure are detailed in the table below:

Group and PCC		2015/16	2014/15
Description		**£'000**	£'000
Rolling Programs:	ICT Replacement Equipment	276	201
	ICT Strategy - Major Schemes	2,702	2,552
	Fleet Programme	1,348	1,646
	Plant and Equipment	531	244
Estates:	Estates Strategy - Major Schemes	685	1,089
	Purchase of freehold	4,747	1,986
Other Schemes:	Origin	-	342
	Other Schemes (Below £200K)	322	585
	Total	**10,611**	**8,645**
The expenditure was incurred across the following asset categories:			
Property, Plant and Equipment		10,306	6,900
Assets Held for Sale		-	-
Intangible Assets		305	1,745
Total		**10,611**	**8,645**

18 (c) Revaluation

The revaluations have had the following impact on these accounts:

Current Year - Group and PCC	Land and Buildings	Police Houses	Assets under Con-struction	Sub Total	Investment Properties	Assets Held for Sale	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revaluation charged/(credited) to Revaluation Reserve	(732)	(30)	-	(762)	-	-	(762)
Revaluation charged/(credited) to Income and Expenditure	(728)	(52)	-	(780)	(13)	120	(673)
Total	**(1,460)**	**(82)**	**-**	**(1,542)**	**(13)**	**120**	**(1,435)**
Cost	1,300	18	-	1,318	(13)	120	1,425
Depreciation	(2,760)	(100)	-	(2,860)	-	-	(2,860)
Total	**(1,460)**	**(82)**	**-**	**(1,542)**	**(13)**	**120**	**(1,435)**

Prior Year - Group and PCC	Land and Buildings	Police Houses	Assets under Construction	Sub Total	Investment Properties	Assets Held for Sale	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revaluation charged/(credited) to Revaluation Reserve	(420)	(32)		(452)	-	-	(452)
Revaluation charged/(credited) to Income and Expenditure	(79)	-	421	342	-	(26)	316
Total	**(499)**	**(32)**	**421**	**(110)**	**-**	**(26)**	**(136)**
Cost	(471)	(26)	421	(76)	-	(26)	(102)
Depreciation	(28)	(6)		(34)	-	-	(34)
Total	**(499)**	**(32)**	**421**	**(110)**	-	**(26)**	**(136)**

At 31 March 2016 the cost or valuation of assets subject to revaluation can be analysed as follows (all other assets are held at cost):

Group and PCC	**Land and Buildings**	**Police Houses**	**Sub Total**	**Investment Properties**	**Assets Held for Sale**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Properties last revalued at:						
31 March 2016	31,366	1,045	32,411	234	780	**33,425**

18 (d) Impairment

Property, Plant and Equipment, Investment Properties and Assets Held for Sale

All properties were valued at 31 March 2016.

Intangible Assets

There were no impairments of intangible assets at 31 March 2016 (31 March 2015 - none)

18 (e) Amounts Charged to Comprehensive Income and Expenditure Statement

Group and PCC		**2015/16**	2014/15
	Note	**£'000**	£'000
Depreciation of Property, Plant and Equipment	14	4,373	5,071
Revaluation	18c	(780)	342
Impairment		-	-
Sub-Total Property, Plant and Equipment		**3,593**	**5,413**
Amortisation of Intangible Fixed Assets	16	733	700
Revaluation Investment Properties	18c	(13)	-
Revaluation Assets Held for Sale	18c	120	(26)
Total		**4,433**	**6,087**

18 (f) Capital Commitments

At 31 March the Group was committed to the following capital expenditure:

Group and PCC	**31 March 2016**	31 March 2015
	£'000	£'000
Plant and Equipment	1,023	974
Fleet Vehicles	627	275
Information Systems Rolling Programme	-	-
Estates Transformation Programme Improvements	-	-
Capital Work-in-Progress - New Build	-	-
Other schemes (below £200k)	50	75
Total as at 31 March	**1,700**	**1,324**
Capital commitments related to the following asset categories:		
Property, Plant and Equipment	1,650	1,249
Intangible Assets	50	75
Total	**1,700**	**1,324**

The Group had no commitments in relation to repairs or maintenance at the year-end (PCC £nil) (2014/15: £nil, PCC £nil).

19. Financial Instruments

	Long-term		**Current**		**Current**	
	31 March 2016	31 March 2015	**31 March 2016**	31 March 2015	**31 March 2016**	31 March 2015
	Group and PCC	Group and PCC	**Group**	Group	**PCC**	PCC
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Debtors						
Loans and receivables (incl accrued interest)		-	39,680	49,400	39,753	49,474
Total Debtors	**-**	**-**	**39,680**	**49,400**	**39,753**	**49,474**
Other Long-Term Liabilities						
Finance lease liabilities	34	109	135	244	135	244
Total Other Long-Term Liabilities	**34**	**109**	**135**	**244**	**135**	**244**
Creditors						
Financial liabilities at amortised cost	-	-	10,175	16,744	13,862	19,771
Total Creditors	**-**	**-**	**10,175**	**16,744**	**13,862**	**19,771**

Income, Expense, Gains and Losses

Group and PCC	**2015/16**			2014/15		
	Financial Liabilities measured at amortised cost	**Financial Assets: Loans and receivables**	**Total**	Financial Liabilities measured at amortised cost	Financial Assets: Loans and receivables	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense	(3)	-	(3)	(24)	-	(24)
Total expense in Surplus or Deficit on the Provision of Services	**(3)**	**-**	**(3)**	**(24)**	**-**	**(24)**
Interest income	-	148	148	-	234	234
Total income in Surplus or Deficit on the Provision of Services	**-**	**148**	**148**	**-**	**234**	**234**
Net gain/(loss) for the year	**(3)**	**148**	**145**	**(24)**	**234**	**210**

Fair Value of Assets and Liabilities Carried at Amortised Cost

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

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

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

Financial Liabilities - carried at amortised cost

Current and Long-Term

Group	**31 March 2016**		31 March 2015	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	£'000	**£'000**	£'000	£'000
Bank overdraft	853	853	1,087	1,087
Short-term borrowing	135	135	244	244
Long-term borrowing	34	34	109	109
Other Creditors	9,322	9,322	15,657	15,657
Total Financial Liabilities	**10,344**	**10,344**	**17,097**	**17,097**
Current	10,310	10,310	16,988	16,988
Long-term	34	34	109	109
Total Financial Liabilities	**10,344**	**10,344**	**17,097**	**17,097**

PCC	**31 March 2016**		31 March 2015	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	£'000	**£'000**	£'000	£'000
Bank overdraft	853	853	1,087	1,087
Short-term borrowing	135	135	244	244
Long-term borrowing	34	34	109	109
Other Creditors	13,009	13,009	18,684	18,684
Total Financial Liabilities	**14,031**	**14,031**	**20,124**	**20,124**
Current	13,997	13,997	20,015	20,015
Long-term	34	34	109	109
Total Financial Liabilities	**14,031**	**14,031**	**20,124**	**20,124**

Financial Assets - Loans and Receivables
Current and Long-Term

Group	**31 March 2016**		31 March 2015	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	£'000	**£'000**	£'000	£'000
Short-term investments	-	-	8,526	8,523
Cash and cash equivalents	29,008	29,008	27,422	27,423
Debtors	12,040	12,040	14,841	14,841
Provision for doubtful debts	(1,368)	(1,368)	(1,389)	(1,389)
Total Financial Assets	**39,680**	**39,680**	**49,400**	**49,398**

PCC	**31 March 2016**		31 March 2015	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	£'000	**£'000**	£'000	£'000
Short-term investments	-	-	8,526	8,523
Cash and cash equivalents	28,993	28,993	27,402	27,403
Debtors	12,128	12,128	14,935	14,935
Provision for doubtful debts	(1,368)	(1,368)	(1,389)	(1,389)
Total Financial Assets	**39,753**	**39,753**	**49,474**	**49,472**

20. Inventories

Group	**31 March 2016**	31 March 2015
	£'000	£'000
Uniforms/Other Items	166	174
Garage	99	99
Total as at 31 March	**265**	**273**

PCC	**31 March 2016**	31 March 2015
	£'000	£'000
Garage	99	99
Total as at 31 March	**99**	**99**

All inventories comprise supplies used in the provision of services.

21. Debtors

Group	31 March 2016	31 March 2015
Short-Term	**£'000**	£'000
Amounts receivable:		
Central government bodies	6,269	9,457
Other Local Authorities (including Police and Crime Commissioners)	2,129	1,732
NHS bodies	-	-
Public corporations and trading funds	74	-
Other debtors external to general government	3,568	3,652
	12,040	14,841
Provision for Doubtful Debts	(1,368)	(1,389)
	10,672	13,452
Value Added Tax	1,212	1,880
Payments in advance	1,248	1,477
Total as at 31 March	**13,132**	**16,809**

PCC	31 March 2016	31 March 2015
Short-Term	**£'000**	£'000
Amounts receivable:		
Central government bodies	6,211	9,359
Other Local Authorities (including Police and Crime Commissioners)	1,877	1,374
NHS bodies	-	10
Public corporations and trading funds	74	68
Other debtors external to general government	3,115	3,248
Intra group debtors	851	876
	12,128	14,935
Provision for Doubtful Debts	(1,368)	(1,389)
	10,760	13,546
Value Added Tax	1,212	1,880
Payments in advance	1,160	1,383
Total as at 31 March	**13,132**	**16,809**

Other Local Authorities (including Police and Crime Commissioners) includes £6k (PCC £nil) (2015 £28k, PCC £nil) in respect of regional collaboration with other Police and Crime Commissioners (see note 13(b)).

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

Movement in the provision for doubtful debts during the year was as follows:

	2015/16	2015/16	2014/15	2014/15
	Group	**PCC**	Group	PCC
	£'000	**£'000**	£'000	£'000
Balance at 1 April	**(1,389)**	**(1,389)**	(1,339)	(1,339)
Written off as uncollectable	2	2	51	51
Recovered during the year	-	-	-	-
Provided against in year	19	19	(101)	(101)
Balance at 31 March	**(1,368)**	**(1,368)**	**(1,389)**	**(1,389)**

The Group does not generally allow extended credit for customers, such that only £228k (PCC £92k) (2014/15 £173k, PCC £108k) of the £672k (PCC £323k) (2014/15 £783k, PCC £360k) listed debtors balance is past its due date for payment. The past due amount can be analysed as follows:

	31 March 2016	**31 March 2016**	31 March 2015	31 March 2015
	Group	**PCC**	Group	PCC
	£'000	**£'000**	£'000	£'000
Less than three months	156	69	166	101
Three to six months	50	4	5	4
Six months to one year	4	1	1	1
More than one year	18	18	1	2
Total	**228**	**92**	**173**	**108**

22. Cash and Cash Equivalents

Group	**31 March 2016**	31 March 2015
	£'000	£'000
Cash at bank and in hand	22	34
Short-term deposits falling due within 3 months	28,986	27,388
Cash and short-term deposits	**29,008**	**27,422**
Bank current account	(853)	(1,087)
Total Cash and Cash Equivalents	**28,155**	**26,335**

PCC	**31 March 2016**	31 March 2015
	£'000	£'000
Cash at bank and in hand	7	14
Short-term deposits falling due within 3 months	28,986	27,388
Cash and short-term deposits	**28,993**	**27,402**
Bank current account	(853)	(1,087)
Total Cash and Cash Equivalents	**28,140**	**26,315**

Banking Arrangements

The Group (PCC) has the following facilities with North Yorkshire Barclays Corporate:

- BACS £24,500,000
- Company Barclaycard £215,000
- Business Internet Banking £10,000,000

The Group (PCC) holds two current accounts, one is a holding account from which wages and salaries are paid, the other is for general banking and at the end of each day cleared balances are automatically swept into the Business Premium account which earns 0.25%. There are also two Treasury Fixed Deposit accounts.

The Group (PCC) does not have a formal overdraft facility in place and no security is provided to the bank for the above banking arrangements. At 31 March 2016 and 31 March 2015 payments transmitted and cheques written but not yet presented at the bank resulted in the bank account balance showing as overdrawn.

23. Borrowing

The Group has acquired some operational IT equipment under finance leases. The assets acquired are carried as Property, Plant and Equipment in the Balance Sheet at the following amounts:

Group and PCC	**31 March 2016**	31 March 2015
	£'000	£'000
Plant and Equipment (Net book value)	**427**	481

Group and PCC	**31 March 2016**	31 March 2015
The minimum lease payments are made up of the following amounts:	**£'000**	£'000
Within one year	135	244
Between one and two years	34	109
Between two and five years	-	-
	169	353
Less amount due for settlement within one year (within current liabilities)	(135)	(244)
Amount due for settlement after one year	**34**	**109**

Group and PCC	**2015/16**	2014/15
	£'000	£'000
Balance at 1 April	353	348
New lease finance received	79	196
	432	544
Repayments	(263)	(191)
Balance at 31 March	**169**	**353**
Short-term (included in other creditors external to government - note 24)	135	244
Long-term	34	109
Balance at 31 March	**169**	**353**

Borrowing at 31 March 2016 was equivalent to debt outstanding of 21p (2015 44p) per head of population.

24. Creditors

Group	**31 March 2016**	31 March 2015
Amounts due:	**£'000**	£'000
Central government bodies	115	635
Other local authorities (including Police and Crime Commissioners)	1,507	2,780
NHS bodies	238	28
Public corporations and trading funds	1	8
HMRC employment taxes and national insurance	2,306	2,204
Other creditors external to government	8,043	13,085
Income received in advance	740	620
Grants received in advance	112	100
Capital Grants In Advance	150	-
Total as at 31 March	**13,212**	**19,460**

PCC	**31 March 2016**	31 March 2015
Amounts due:	**£'000**	£'000
Intragroup creditors	10,293	15,786
Central government bodies	31	7
Other local authorities (including Police and Crime Commissioners)	238	100
Public corporations and trading funds	-	8
NHS Bodies	38	-
HMRC employment taxes and national insurance	141	155
Other creditors external to government	2,630	3,144
Income received in advance	249	250
Grants received in advance	84	100
Capital Grants In Advance	150	
Total as at 31 March	**13,854**	**19,550**

Other local authorities (including Police and Crime Commissioners) includes £765k (PCC £nil) (2014/15 £156k, PCC £nil) in respect of regional collaboration with other Police and Crime Commissioners in Yorkshire and Humberside (see Note 13 (b)).

25. Provisions

Group	**Employee Related**	**Other Insurance**	**Total**
	£'000	**£'000**	**£'000**
At 1 April 2015	**1,544**	**1,304**	**2,848**
Additional provision required	(454)	870	416
Amounts utilised during year	(226)	(328)	(554)
At 31 March 2016	**864**	**1,846**	**2,710**

PCC	**Employee Related**	**Other Insurance**	**Total**
	£'000	**£'000**	**£'000**
At 1 April 2015	156	896	**1,052**
Additional provision required	(110)	(436)	(546)
Amounts utilised during year	(3)	(118)	(121)
At 31 March 2016	**43**	**342**	**385**

Group and PCC

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

	2015/16	**2015/16**	2014/15	2014/15
	Group	**PCC**	Group	PCC
	£'000	**£'000**	£'000	£'000
Short-term	1,503	366	2,185	958
Long-term	1,207	19	663	94
Total	**2,710**	**385**	**2,848**	**1,052**

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

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

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

• liability claims subject to a policy excess of £75,000 for any one occurrence;

• liability and third party motor claims aggregating over £1 million;

• third party motor claims subject to an excess of £75,000 for any one occurrence;

• material damage to property, together with consequential business interruption, subject to a policy excess of £1,000 for any one occurrence in respect of all risks cover, £250 for any one occurrence in respect of cover for money and £75,000 for any one occurrence for all other incidents;

• computer, motor uninsured loss recovery, engineering, airside liability, fidelity guarantee, personal accident, environmental liability, travel and contract works subject to policy terms and conditions.

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

26. Retirement Benefits

Group

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Group 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.

The Group participates in five pension schemes:

- Two Local Government Pension Schemes (LGPS) for police staff, administered by North Yorkshire County Council (NYCC). These are funded defined benefit scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. For service up to 31 March 2014 these are final salary schemes. A Career Average Scheme (CARE) came into effect for service from April 2014.

- Arrangements for the award of discretionary post-retirement benefits upon early retirement - this is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

- The schemes are operated under the regulatory framework for the LGPS and the governance of the schemes are the responsibility of the Pensions Board (see below). Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the Pensions Board with the support of the Corporate Director Strategic Resources and the fund's external investment advisors.

- The principal risks to the NYPCC of the schemes are the longevity assumptions, statutory changes to the scheme, structural changes to the schemes (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the schemes. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

- Three Police Pension Schemes for police officers. These are unfunded defined benefit final salary schemes, meaning that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. The second scheme was introduced in April 2006 with the intention that joint contributions of employers and employees would finance the full costs of pension liabilities. All police officers recruited from April 2006 to April 2015 became members of the 2006 scheme and the previous scheme was closed to new members. The third scheme came into effect for officers recruited on or after April 2015. In addition a number of officers were transferred from the previous schemes on that date. The Group's participation in the Police Pension Schemes is administered by Mouchel Business Services.

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

Scheme Governance

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

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

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

Discretionary Post-Retirement Benefits

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

Transactions Relating to Retirement Benefits

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

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during the year:

Transactions Relating to Retirement Benefits			Group			PCC	Group	PCC
			2015/16			2015/16	2014/15	2014/15
	LGPS	Police Pension Scheme 1987	Police Pension Scheme 2006	Police Pension Scheme 2015	Total	Total	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement								
Net Cost of Services								
Current Service Cost	6,688	15,770	390	8,400	**31,248**	**1,190**	30,144	795
Past Service Cost - exceptional item	216	735	-	-	**951**	**121**	37	5
Curtailment Cost	-	-	-	-	**-**	**-**	166	29
Administration Costs	115	-	-	-	**115**	**21**	111	19
	7,019	16,505	390	8,400	**32,314**	**1,332**	30,458	848
Financing and Investment Income and Expenditure:								
Interest Cost	534	47,390	1,070	190	**49,184**	**105**	56,887	30
Total post-employment benefits charged to surplus or deficit on provision of services	7,553	63,895	1,460	8,590	**81,498**	**1,437**	87,345	878
Remeasurements of the net defined benefit liability comprising:								
Returns on plan assets (excluding the amount included in the net interest expense)	5,313	-	-	-	**5,313**	**1,052**	(14,523)	(2,936)
Actuarial gains & losses arising on changes in demographic assumptions	-	(21,690)	(520)	(170)	**(22,380)**	**-**	(56,790)	-
Actuarial gains & losses arising on changes in financial assumptions	(13,459)	(157,889)	(6,713)	7,861	**(170,200)**	**(2,678)**	239,197	6,683
Other	(1,783)	(38,050)	5,870	130	**(33,833)**	**(357)**	(28,230)	-
(Surplus) deficits on remeasurements of scheme assets and liabilities	(9,929)	(217,629)	(1,363)	7,821	**(221,100)**	**(1,983)**	139,654	3,747
Total Post-Employment Benefits charged (credited) to Comprehensive Income and Expenditure Statement	**(2,376)**	**(153,734)**	**97**	**16,411**	**(139,602)**	**(546)**	**226,999**	**4,625**
Movement in Reserves Statement								
Reversal of net charges made to surplus or deficit on provision of services for retirement benefits in accordance with IAS19	7,553	63,895	1,460	8,590	**81,498**	**1,437**	87,345	878
Actual amount charged against the General Fund Balance for the year								
Employers contribution payable to the scheme	(3,617)	(6,071)	(177)	(5,471)	**(15,336)**	**(737)**	(26,533)	(2,363)
Retirement benefits payable to pensioners	-	(2,640)	-	**-**	**(2,640)**		(2,470)	
Total	**3,936**	**55,184**	**1,283**	**3,119**	**63,522**	**700**	**58,342**	**(1,485)**

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

Assets and Liabilities in Relation to Retirement benefits

Reconciliation of present value of scheme liabilities

Group	2015/16					2014/15
	Funded Liabilities	Unfunded Liabilities			Total	Total
	LGPS	Police Pension Scheme 1987	Police Pension Scheme 2006	Police Pension Scheme 2015		
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April	(179,142)	(1,452,368)	(32,070)	-	**(1,663,580)**	(1,433,324)
Current service cost	(6,688)	(15,770)	(390)	(8,400)	**(31,248)**	(30,144)
Interest cost	(6,060)	(47,390)	(1,070)	(190)	**(54,710)**	(62,922)
Contributions by scheme participants	(1,872)	(3,720)	(280)	(3,410)	**(9,282)**	(9,453)
Remeasurement gains and (losses):						
- Actuarial gains/losses arising from changes in demographic assumptions	-	21,690	520	170	**22,380**	56,790
- Actuarial gains/losses arising from changes in financial assumptions	13,459	121,270	7,140	1,010	**142,879**	(258,186)
- Other	1,783	38,050	(5,870)	(130)	**33,833**	28,230
Benefits paid	3,743	49,050	30	10	**52,833**	45,632
Curtailment cost	-	-	-	-	**-**	(166)
Past service costs	(216)	(735)	-	-	**(951)**	(37)
Balance at 31 March	**(174,993)**	**(1,289,923)**	**(31,990)**	**(10,940)**	**(1,507,846)**	**(1,663,580)**

Reconciliation of fair value of the scheme assets

Group	2015/16					2014/15
	LGPS	Police Pension Scheme 1987	Police Pension Scheme 2006	Police Pension Scheme 2015	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April	161,667	-	-	-	**161,667**	129,407
Interest on plan assets	5,526	-	-	-	**5,526**	6,035
Administration expenses	(115)	-	-	-	**(115)**	(111)
Remeasurement gains and (losses):						
- The return on plan assets, excluding the amount included in the net interest expense	(5,313)	-	-	-	**(5,313)**	14,523
- Actuarial gains/losses arising from changes in demographic assumptions	-	-	-	-	**-**	-
- Actuarial gains/losses arising from changes in financial assumptions	-	36,619	(427)	(8,871)	**27,321**	18,989
Employer contributions	3,617	8,711	177	5,471	**17,976**	29,003
Contributions by scheme participants	1,872	3,720	280	3,410	**9,282**	9,453
Benefits paid	(3,743)	(49,050)	(30)	(10)	**(52,833)**	(45,632)
Balance at 31 March	**163,511**	**-**	**-**	**-**	**163,511**	**161,667**

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

The actual gain on scheme assets in the year was £0.21m (PCC £0.04m) (2014/15 £20.56m PCC £4.16m).

Reconciliation of present value of scheme liabilities

PCC	2015/16	2014/15
LGPS	**£'000**	£'000
Balance at 1 April / acquired by PCC	(35,843)	-
Intragroup transfer	-	(27,391)
Current service cost	(1,190)	(795)
Interest cost	(1,200)	(1,251)
Contributions by scheme participants	(363)	(329)
Remeasurement gains and (losses):		
- Actuarial gains/losses arising from changes in demographic assumptions	-	-
- Actuarial gains/losses arising from changes in financial assumptions	2,678	(6,683)
- Other	357	-
Benefits paid	1,497	640
Curtailment cost	-	(29)
Past service costs	(121)	(5)
Balance at 31 March	**(34,185)**	**(35,843)**

Reconciliation of fair value of the scheme assets

PCC	2015/16	2014/15
LGPS	**£'000**	£'000
Balance at 1 April	32,406	-
Intragroup transfer	-	26,216
Interest on plan assets	1,095	1,221
Administration expenses	(21)	(19)
Remeasurement gains and (losses):		
- The return in plan assets excluding the amount included in the net interest expense	(1,052)	2,936
- Actuarial gains/losses arising from changes in demographic assumptions	-	-
- Actuarial gains/losses arising from changes in financial assumptions	-	-
Employer contributions	737	2,363
Contributions by scheme participants	363	329
Benefits paid	(1,497)	(640)
Balance at 31 March	**32,031**	**32,406**

Scheme History

Group	2015/16	2014/15	2013/14	2012/13	2011/12
	£'000	£'000	£'000	£'000	£'000
Present value of liabilities:					
LGPS	(174,993)	(179,142)	(136,236)	(148,283)	(122,161)
Police Pension Scheme 1987	(1,289,923)	(1,452,368)	(1,274,348)	(1,281,888)	(1,095,658)
Police Pension Scheme 2006	(31,990)	(32,070)	(22,740)	(19,210)	(11,790)
Police Pension Scheme 2015	(10,940)	-	-	-	-
Total liabilities	**(1,507,846)**	**(1,663,580)**	**(1,433,324)**	**(1,449,381)**	**(1,229,609)**
Fair value of assets (LGPS):	**163,511**	**161,667**	**129,407**	**105,143**	**86,705**
Surplus/(deficit) in the scheme:					
LGPS	(11,482)	(17,475)	(6,829)	(43,140)	(35,456)
Police Pension Scheme 1987	(1,289,923)	(1,452,368)	(1,274,348)	(1,281,888)	(1,095,658)
Police Pension Scheme 2006	(31,990)	(32,070)	(22,740)	(19,210)	(11,790)
Police Pension Scheme 2015	(10,940)	-	-	-	-
Total	**(1,344,335)**	**(1,501,913)**	**(1,303,917)**	**(1,344,238)**	**(1,142,904)**

PCC	**2015/16**	2014/15
LGPS	**£'000**	£'000
Present value of liabilities	(34,185)	(35,843)
Fair value of assets:	**32,031**	32,406
Surplus/(deficit) in the scheme:	**(2,154)**	**(3,437)**

The liabilities show the underlying commitments that the Group has in the long run to pay retirement benefits. The total liability has a substantial impact on the net worth of the Group as recorded in the Balance Sheet, resulting in a negative overall balance of £1.344.3m (2014/15 £1,428.1m). However, statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy.

The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, 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 2016/17 and the weighted average duration of the defined benefit obligations for scheme members, as provided by the Actuary, are as follows:

Group

Scheme	**Percentage of Pensionable Pay**	**Weighted Average Duration**
Local Government Pension Scheme (LGPS)	20.3% / 20.9%	22/ 23 years
Police Pension Scheme 1987	48.6%	21 years
Police Pension Scheme 2006	36.6%	36 years
Police Pension Scheme 2015	29.4%	37 years

PCC

Scheme	**Percentage of Pensionable Pay**	**Weighted Average Duration**
Local Government Pension Scheme (LGPS)	20.3%	22 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 service 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 2015/16 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2016:

Group	**2015/16**	2014/15	2013/14	2012/13	2011/12
	%	%	%	%	%
Differences between the expected and actual return on assets:					
Percentage of scheme assets	**(3.2%)**	9.0%	12.3%	9.5%	(5.0%)
Experience gains and losses on liabilities:					
Percentage of scheme liabilities	**(2.2%)**	(1.9%)	(1.3%)	(1.9%)	(1.5%)

PCC	**2015/16**	2014/15
	%	%
Differences between the expected and actual return on assets:		
Percentage of scheme assets	**(3.3%)**	9.1%
Experience gains and losses on liabilities:		
Percentage of scheme liabilities	**(1.0%)**	-

The Group expects to make employer contributions of £4.2m (PCC £0.9m) to the Local Government Pension Scheme in the year to 31 March 2017. Employer contributions to the Police Pension Schemes in the same period are expected to be £11.2m.

Basis for Estimating Assets and Liabilities

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

The principal assumptions used by the actuaries have been:

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

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

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

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

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

Impact on the Cash Flows

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

27. Contingent Assets and Liabilities

Note 25 (Provisions) explains the treatment in respect of provision for amounts as known at the date of these accounts.

Civil and Employment Claims

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

Regional Collaboration

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

GMP Equalisation

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

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

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

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

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

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

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

28. Events after the Reporting Period

The Group has considered events that have occurred since the balance sheet date, up to the date that the accounts have been authorised for issue. Other than as mentioned below, no events have been identified which could materially impact on the figures in these financial statements, nor which would require disclosure to maintain the fair presentation of the financial statements.

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

29. Net Cash Flows from Operating Activities

Net Cash Flows from Operating Activities include:

Group and PCC	**2015/16**	2014/15
	£'000	£'000
Interest received	**156**	238
Interest paid	**3**	24

30. Net Cash Flows from Investing Activities

Group and PCC	**2015/16**	2014/15
	£'000	£'000
Purchase of Property, Plant and Equipment, Investment Property, Intangible Assets and Assets under Construction	10,611	8,645
Purchase of Short-Term Investments	18,000	65,426
Proceeds from the sale of Property, Plant and Equipment and Assets Held for Sale	(1,163)	(435)
Proceeds from Short-Term Investments	(26,524)	(63,909)
Net Cash Flows from Investing Activities	**924**	**9,727**

31. Net Cash Flows from Financing Activities

Group and PCC	**2015/16**	2014/15
	£'000	£'000
Cash receipts of short-term and long-term borrowing	(80)	(196)
Cash payments for the reduction of the outstanding liabilities relating to finance leases	263	191
Repayments of short-term and long-term borrowing	-	236
Net Cash Flows from Financing Activities	**183**	**231**

32. Related Party Transactions

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

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

Central Government

Central Government has effective control over the general operations of the Group. It is responsible for providing the statutory framework within which the Group operates, provides a substantial part of the Group's funding in the form of grants and prescribes the terms of many of the transactions the Group 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. Government Grants received by the Group are set out in Notes 9 and 12(f). Grant receipts outstanding at 31 March 2016 are included in Debtors (Note 21).

Other Local Authorities (including Other Police and Crime Commissioners)

Local Government provides a proportion of the funding for the Group. Details of precepts are set out in Note 10. Transactions with the Police and Crime Commissioners in respect of Regional Collaboration are set out in Note 13(b). The amounts owing to and from Other Local Authorities at the balance sheet date are included in Debtors (Note 21) and Creditors (Note 24).

Key Management

Key Management of the Group are also classed as related parties. Key Management are considered to be the Police and Crime Commissioner and other senior officers (as defined in Note 11) and other persons having the authority and responsibility for planning, directing and controlling the activities of the Group, including the oversight of these activities.

Remuneration of Key Management is disclosed in Note 11.

The Group is a member of the Association of Police and Crime Commissioners (APCC) and the Association of Police and Crime Chief Executives (APACCE) and senior officers engage with APCC and APACCE on Group business. Senior police officers are members of the National Police Chief Council (NPCC) and engage with NPCC on Force business.

During 2015/16 the Group incurred total subscription and conference costs from these organisations of £23k (PCC £21k) (2014/15 £38k, PCC £37k). £nil (PCC £nil) was outstanding at 31 March 2016 (31 March 2015 £nil, PCC £nil).

The Group received income to a value of £30k (PCC £2k) (2014/15 £nil, PCC £nil) and purchased services to a value of £33k (PCC £nil) (2014/15 £5k, PCC £nil) from organisations in which senior officers had positions on the governing body. In all instances transactions were made with proper consideration of declaration of interest. The relevant senior officers did not take part in any discussion or decision in relation to the transactions. At 31 March 2016 £nil (PCC £nil) (31 March 2015 £nil, PCC £nil) was owed by the Group to these organisations.

The Group provides accounting services to organisations in which senior officers had provisions on the governing body. At 31 March 2016 £43k (PCC £18k) (2015 £10k (PCC £4k) was held by the group on behalf of these organisations.

Pension Schemes

Transactions with Pension Schemes are set out in Note 26.

33. Nature and Extent of Risks Arising from Financial Instruments

Key Risks

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

• **Credit risk**	the possibility that other parties might fail to pay amounts due to the Group
• **Liquidity risk**	the possibility that the Group might not have funds available to meet its commitments to make payments
• **Refinancing risk**	the possibility that the Group might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms
• **Market risk**	the possibility that financial loss might arise for the Group as a result of changes in such measures as interest 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 Commissioner for 2015/16 on 24th February 2015 and amended on 28th July 2015. The key issues within the Strategy were:

• The Authorised Limit for 2015/16 was set at £8.1m. This was the maximum limit of external borrowings or other long-term liabilities;

• The Operational Boundary was expected to be £5.8. This was the expected level of debt and other long-term liabilities during the year;

• The maximum amounts of fixed and variable interest rate exposure were set at 100% and 50% based on the net debt.

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

Credit Risk

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

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

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

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

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

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

The Group’s maximum exposure to credit risk in relation to its investments in banks and building societies of £29m (2014/15 £35.9m) 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 31 March 2016 that this was likely to crystallise.

The following analysis summarises the maximum exposure to credit risk on financial assets, based on experience of default, adjusted to reflect current market conditions:

Group	**Total**		**Historical experience of default**		**Estimated maximum exposure to default**	
	31 March 2016	31 March 2015	**31 March 2016**	31 March 2015	**31 March 2016**	31 March 2015
	£'000	£'000	**%**	%	**£'000**	£'000
Short-term investments	-	8,526	-	-	-	-
Cash and cash equivalents	29,008	27,422	-	-	-	-
Other debtors and amounts owed by related parties	10,672	13,452	0.05%	0%	5	4
Total	**39,680**	**49,400**			**5**	**4**

PCC	**Total**		**Historical experience of default**		**Estimated maximum exposure to default**	
	31 March 2016	31 March 2015	**31 March 2016**	31 March 2015	**31 March 2016**	31 March 2015
	£'000	£'000	**%**	%	**£'000**	£'000
Short-term investments	-	8,526	-	-	-	-
Cash and cash equivalents	28,993	27,402	-	-	-	-
Other debtors and amounts owed by related parties	10,760	13,546	0.05%	0%	5	4
Total	**39,753**	49,474			**5**	4

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

An age analysis of the amounts due from debtors is disclosed in Note 21.

Collateral - During the reporting period the Group held no collateral as security (PCC none).

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's 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.

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. The Financial Services Directorate 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 rate borrowings would be postponed.

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

	2015/16 Group and PCC £'000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	322
Decrease in fair value of fixed rate investment assets	-
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	-

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in Note 19 - Fair Value of Assets and Liabilities carried at Amortised Cost

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

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

POLICE PENSION FUND ACCOUNT
for the YEAR ENDED 31 March 2016

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

POLICE PENSION FUND NET ASSETS STATEMENT
at 31 March 2016

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

NOTES TO THE POLICE PENSION FUND ACCOUNTS

1. Accounting Policies

The Police 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

The Group operates three Pension Schemes for police officers. These are unfunded defined benefit schemes, meaning that there are no investment assets built up to meet the pension liabilities and cash has to be generated to meet actual pension payments as they eventually fall due. The second scheme was introduced in April 2006, with the intention that joint contributions of employers and employees would finance the full costs of pension liabilities. All police officers recruited from April 2006 to April 2015 become members of the 2006 scheme and the previous scheme has been closed to new members. The third scheme came into effect for officers recruited on or after April 2015. in addition a number of officers were transferred for the previous schemes on that date.

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

3. Funding of Police Pension Schemes

The funding arrangements for Police Pension Schemes changed on 1 April 2006 and again on 1 April 2015. Before 1 April 2006 the schemes did not have a percentage of pensionable pay type of contribution, rather the Authority was responsible for paying pensions of former employees on a pay-as-you-go basis. Under the new funding arrangements the schemes remain unfunded but the Group no longer meets the pension outgoings directly, instead the Group 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 the Group the amount by which amounts receivable by the Fund for the year exceeded the amounts payable or by receiving cash from the Group equal to the amount by which the amount payable from the pension fund for the year exceeded the amount receivable. With effect from 1 April 2015 the Home Office does not fund the whole of the difference between payments and receipts, and the group is required to make an additional contribution calculated according to regulations.

The Group 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 Police 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 the Group at 31 March 2016, and of the basis for assessing those liabilities, are included in Note 26 to the Statement of Accounts.

The present value of the Police Pension Scheme liabilities, based on the most recent full valuation of the Scheme (as at 31 March 2015) and updated to the balance sheet date, are disclosed below:

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

Full details of the liabilities for retirement benefits attributable to the Group at 31 March 2016, and of the basis for assessing those liabilities, are included in Note 26 to the Group Accounts.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME COMMISSIONER FOR NORTH YORKSHIRE

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

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

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

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

Opinion on financial statements
In our opinion the financial statements:
give a true and fair view of the financial position of the Police and Crime Commissioner for North Yorkshire as at 31 March 2016 and of its expenditure and income for the year then ended;
give a true and fair view of the financial position of the Group as at 31 March 2016 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 2015/16.

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

Matters on which we report by exception
We report to you if:
in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 and the December 2012 addendum;
we issue a report in the public interest under section 24, schedule 7 of the Local Audit and Accountability Act 2014;
we make a recommendation under section 24, schedule 7 of the Local Audit and Accountability Act 2014; or
we exercise any other special powers of the auditor under the Local Audit and Accountability Act 2014.
We have nothing to report in these respects.

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

Respective responsibilities of the Police and Crime Commissioner and the auditor

The Police and Crime Commissioner 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 20 of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Police and Crime Commissioner 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 National Audit Office, requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the National Audit Office.

We report if significant matters have come to our attention which prevent us from concluding that the Police and Crime Commissioner 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 Police and Crime Commissioner for North Yorkshire's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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

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

We have planned and undertaken our work in accordance with the Code of Audit Practice as issued by the National Audit Office and had regard to relevant guidance. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Police and Crime Commissioner 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 criterion published by the National Audit Office, we are satisfied that, in all significant respects, the Police and Crime Commissioner 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 2016.

Certificate

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

Cameron Waddell CPFA
For and on behalf of Mazars LLP
The Rivergreen Centre
Aykley Heads
Durham
DH1 5TS
28th September 2016

GLOSSARY OF TERMS

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

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

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

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

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

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

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

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

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

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

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

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

BUDGET: A statement of an organisation's plans in financial terms. A budget is prepared and approved 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 service in the current period.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

OUTTURN: The actual amount spent in the financial year.

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

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

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

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

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

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

- the benefits for pensioners and deferred pensioners, and their dependents, allowing where appropriate for future increases and

- the accrued benefits for members in service at the valuation date.

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

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

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

RESERVES: Monies set aside by the Group 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 of 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 Police and Crime Commissioner and Police and Crime Commissioner'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 Finance 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