



# **Police and Crime Commissioner for North Yorkshire**

**Draft Statement of Accounts - 2017/18**



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### NYPCC AND NYPCC GROUP

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

### **1. Introduction**

The purpose of this Narrative Report is to provide a concise and easily understandable effective 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 seventh 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 Police and Crime Commissioner 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 2018 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 from the start of the year to the end 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 unusable reserves. This statement shows how the movements in year of the Group's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to taxpayers for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year, following those adjustments.

#### ***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 both the Expenditure and Funding Analysis (Note 2 to the Accounts) and 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 is 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.

**2. Summary of Financial Year 2017/18: 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.

There is a direct relationship between 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 net budget for the year was £142m, comprising expenditure budget of £158m and income, grants and transfers from reserves of £16m.

During 2017/18 there was an unbudgeted overspend of £1.8m which has been funded by an additional transfer from reserves.

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

| <b>Table 1</b>                                  | <b>Budget</b>   | <b>Outturn</b>  | <b>(Over) /Under spend</b> |
|---|-----------------|-----------------|----------------------------|
| <b>Group</b>                                    | <b>£'000</b>    | <b>£'000</b>    | <b>£'000</b>               |
| Targeted Grants                                 | (4,089)         | (4,149)         | 60                         |
| Other Income                                    | (10,451)        | (8,215)         | (2,236)                    |
| Budgeted Transfer to/ (from) reserves           | (356)           | (2,364)         | 2,008                      |
|   | <b>(14,896)</b> | <b>(14,728)</b> | <b>(168)</b>               |
| Salary Costs                                    | 115,846         | 114,979         | 867                        |
| Other non Salary employee costs                 | 1,649           | 2,543           | (894)                      |
| Police Injury Pension Costs                     | 3,239           | 3,810           | (571)                      |
| Premises costs                                  | 4,598           | 4,574           | 24                         |
| Supplies and Services                           | 20,405          | 20,165          | 240                        |
| Transport costs                                 | 2,402           | 2,917           | (515)                      |
| Financial costs                                 | (172)           | 684             | (856)                      |
| Interest Payments and Leasing charges           | 2               | 6               | (4)                        |
| Repayment of loan and lease                     | 508             | 189             | 319                        |
| OPCC costs                                      | 911             | 974             | (63)                       |
| Commissioned Services                           | 3,966           | 3,450           | 516                        |
| Project costs                                   | 4,335           | 5,049           | (714)                      |
|   | <b>157,689</b>  | <b>159,340</b>  | <b>(1,651)</b>             |
| <b>Net Cost of Services</b>                     | <b>142,793</b>  | <b>144,612</b>  | <b>(1,819)</b>             |
| Additional Transfer to/ (from) reserves         | (1,104)         | (2,923)         | 1,819                      |
| Taxation and Non Specific Grant Income          | (141,689)       | (141,689)       | -                          |
| Surplus or Deficit on the provision of services | -               | -               | -                          |

Table 1

|   | Budget        | Outturn       | (Over) /Under<br>spend |
|---|---------------|---------------|------------------------|
| PCC   | £'000         | £'000         | £'000                  |
| Targeted Grants                                 | (4,089)       | (4,149)       | 60                     |
| Other Income                                    | (611)         | (672)         | 61                     |
| Budgeted transfer to/ (from) reserves           | (356)         | (2,364)       | 2,008                  |
|   | (5,056)       | (7,185)       | 2,129                  |
| Salary Costs                                    | 7,232         | 6,719         | 513                    |
| Other non Salary employee costs                 | 251           | 235           | 16                     |
| Premises costs                                  | 4,533         | 4,492         | 41                     |
| Supplies and Services                           | 8,787         | 8,276         | 511                    |
| Transport costs                                 | 635           | 821           | (186)                  |
| Financial costs                                 | (295)         | 323           | (618)                  |
| Interest Payments and Leasing charges           | 2             | 6             | (4)                    |
| Repayment of loan and lease                     | 508           | 189           | 319                    |
| OPCC costs                                      | 911           | 974           | (63)                   |
| Commissioned Services                           | 3,966         | 3,450         | 516                    |
| Project costs                                   | 4,335         | 5,049         | (714)                  |
|   | <b>30,865</b> | <b>30,534</b> | <b>331</b>             |
| <b>Net Cost of Services</b>                     | <b>25,809</b> | <b>23,349</b> | <b>2,460</b>           |
| Additional transfer to/ (from) reserves         | (1,104)       | (2,923)       | 1,819                  |
| Taxation and Non Specific Grant Income          | (141,689)     | (141,689)     | -                      |
| Surplus or Deficit on the provision of services | (116,984)     | (121,263)     | 4,279                  |

## Overall Position

Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) Police Effectiveness Efficiency and Legitimacy (PEEL) report for 2018 confirmed that North Yorkshire Police (NYP) is rated as "good" at keeping people safe and reducing crime. This rating encompassed individual ratings of "good" for investigating crime and reducing re-offending, protecting vulnerable people and tackling serious and organised crime.

The HMICFRS report also confirmed that, in some key areas, North Yorkshire Police is out-performing the average for police forces in England and Wales. In particular:

- North Yorkshire Police's rate for identifying suspects is 7% higher than the average
- The Force's rate for taking action on offences is 8% higher than the average
- Its rate for charging offenders is 5% higher than the average

This is the third time that NYP has been rated as good for keeping people safe and reducing crime and hitting the standard consistently means that the public can have full confidence in the service we provide. The report acknowledges the investment made into mobile phone analysis, which plays such a big role in many investigations, and the partnership work with local councils and others that is helping us to be more proactive in protecting the most vulnerable people. Through our Community Safety Hubs and Street Triage services NYP are working closely with council, healthcare providers and other partners on how we can deal effectively with repeat issues that place heavy demands on police time. Some positive results have already been seen, and there are further initiatives to come. The report also mentions the positive action we are taking to support and safeguard victims of domestic abuse. The Force plans to push that even further, as more body-worn cameras are rolled out across the frontline, which will help gather evidence against offenders even when the victim is reluctant to press charges.

Our dedicated teams of officers, police staff, special constables and volunteers are working effectively to detect and deter criminality, manage offenders and prevent re-offending, as well as dealing with anti-social behaviour with a strong commitment to neighbourhood policing. This is reflected in the National Crime Figures which have again confirmed North Yorkshire as the safest and lowest crime place in England.

NYP continues to review how the service is delivered in an effort to improve and a dedicated team is in place to look in depth at the demand on our service and the resources we need to handle it going forward.

The Group has continued to engage in significant collaborative activities in order to drive efficiencies and improve service. Principal amongst these are the collaborations with the other Yorkshire and the Humber Forces, and Cleveland Police/Durham Constabulary through the Evolve initiative. Detail of the impact of these collaborations on the Statement of Accounts is provided in Note 15(b) to the Accounts. Other collaborations include investments into research projects with local universities, co-location arrangements with local partners such as the North Yorkshire County Council and North Yorkshire Fire and Rescue Service, and participation in national schemes such as the National Police Air Service.

Mental health is a frequent factor in many incidents that the police are called to and towards the end of 2017/18 Officers and Staff received mental health training developed through a partnership between the police, the University of York and Tees Esk and Wear Valleys NHS Foundation Trust. The purpose of this training is to increase awareness and identification of mental health vulnerabilities, improve the recording of incidents involving people with mental ill-health, enhance skills in communicating with people in mental distress, provide a clearer understanding of referral pathways into mental health services, and multi-agency working.

The relationship between young people and the police and online safety are just two of the priorities that North Yorkshire Police have pledged to tackle in a new Children and Young People strategy, launched in January. The strategy was developed on the back of recommendations made by the North Yorkshire Youth Commission, as well as the opinions of more than 1500 young people who took part in the Youth Commission's first "Big Conversation" - a piece of peer research into issues that affect children and young people across the county. As well as the relationship with the police and online safety, the other key issues addressed in the strategy include: how the police deal with young people with mental health problems, sexual abuse and child sexual exploitation, domestic abuse, drug and alcohol abuse, hate crime and missing young people and exploitation. The Police and Crime Commissioner set up the North Yorkshire Youth Commission, and is instrumental in making sure it has a powerful voice within the police service.

The end of the year saw the start of the roll out of new tablets and smartphones equipped with specially-developed software to frontline officers and PCSOs as part of North Yorkshire Police's Operational Mobile Working (OMW) project. The new devices will save the average officer several hours per week through a combination of fewer return visits to the police station and making administrative processes quicker. As a result, it is also estimated that it could increase officer visibility by more than 10%.

Given the largely rural nature of the county, rural policing continues to be a focus of activity. This year NYP has played a key role in the publication of a new report which highlights the scale of dog attacks on livestock, and the challenges faced by Police Forces in supporting farmers to deal with the issue.



North Yorkshire has one of the largest road networks in the country, and roads policing activity has continued, making best use of the Force's safety camera van and Automatic Number Plate Technology investments, as well as equipment for the Community Speed Watch scheme.

### Other income

In total the Group received £2,236k less in terms of Other Income than was expected based on the revised budget.

The recharges made for speed awareness courses were responsible for the greatest single underachievement of income. The recharges generated £2.1m less income than was forecast. This was in part as a result of a delay in the procurement of new vans which resulted in fewer than 12 Safety Camera Vans being deployed until the middle of December. In addition to this the safety camera vans generated course referrals at a slower rate than was forecast and the rate of offences detected per hour has also decreased. Although this has a negative impact on the income received, it is perhaps an indication that the vans are having a positive impact on driver behaviour in the force area.

Other significant under achievements include the income derived from Prosecution Costs - £190k. This is the second year in a row that the income from Prosecutions has been significantly below budget, this has been predominantly driven by staffing vacancies and workload elsewhere.

### Employee Costs

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

| <b>Table 2</b>              | <b>Budget</b>  | <b>Outturn</b> | <b>(Over) / Under<br/>spend</b> |
|-----------------------------|----------------|----------------|---------------------------------|
|                             | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>                    |
| <b>Group</b>                |                |                |                                 |
| Police Salaries             | 71,405         | 71,103         | 302                             |
| PCSO Salaries               | 6,706          | 6,262          | 444                             |
| Staff Salaries              | 35,572         | 33,671         | 1,901                           |
| Leavers Costs               | -              | 55             | (55)                            |
| Overtime                    | 2,163          | 3,888          | (1,725)                         |
| Agency                      | -              | -              | -                               |
| <b>Total Employee Costs</b> | <b>115,846</b> | <b>114,979</b> | <b>867</b>                      |

  

|                             | <b>Budget</b> | <b>Outturn</b> | <b>(Over) / Under<br/>spend</b> |
|-----------------------------|---------------|----------------|---------------------------------|
|                             | <b>£'000</b>  | <b>£'000</b>   | <b>£'000</b>                    |
| <b>PCC</b>                  |               |                |                                 |
| Staff Salaries              | 7,211         | 6,672          | 539                             |
| Leavers costs               | -             | 18             | (18)                            |
| Overtime                    | 21            | 29             | (8)                             |
| Agency                      | -             | -              | -                               |
| <b>Total Employee Costs</b> | <b>7,232</b>  | <b>6,719</b>   | <b>513</b>                      |

A breakdown of the number of employees of each gender, and of the numbers of persons of each gender who are Senior Managers is provided in Note 13(e) to the Accounts.

### **Police Salary related costs**

The 2017-18 Budget was based on having an average of 1,370 FTE Police Officers throughout the year, as the Force moved towards a target of 1,400 FTE Police Officers. There were 1,368 FTE Police Officers in place at the start of 2017/18 and 1,358 FTEs in place at the end of 2017/18, with the average number of Police Officers employed during 2017/18 as 1,342 FTEs.

These additional 28 vacancies would generally be expected to result in an underspend of around £1,300k however the recruitment of 55 FTE fully trained transferees, instead of New Recruits, during 2016/17 had an impact on the overall average costs of PC's within the organisation, in comparison to previous forecasts. The knock on impact of this was not completely captured in the 2017/18 budgets.

These higher than expected average levels of pay, combined with a higher than expected mix of officers at temporarily higher ranks, to deliver specific operations and to complete the Operational Mobile Working project have incurred costs that were not factored into the 2017/18 budget.

In addition to this, the higher than expected National Pay settlement for Police Officers created a pressure of between £300k and £350k in the year.

Police overtime has overspent by £1,542k. This overspend includes overtime of £311k incurred policing the protests arising from fracking activities in the County.

Included in the outturn is the mutual aid support provided to colleagues across the country in response to the terror attacks of May & June 2017 however this is fully offset by additional income received of £180k. The subsequent increased threat level from severe to critical resulted in the requirement to deploy firearms officers on extended shifts for a period of time which impacted upon overtime spend.

Project Servator was introduced in the summer in response to the terror attacks, aiming to provide a visible and covert police presence focusing on detecting and deterring crime and terrorist activities. Whilst the effects of this engagement have not yet reduced the overtime spend, this proactive method of policing should help to prevent overtime costs in the future through reacting to fewer incidents.

There have been no other significant operations within the year which have placed additional pressure on the overtime budget and the remaining overspend is due to officers providing rest day working cover and extended tours of duty. However mid-way through the year, as a result of the latest forecast position, operational demand analysis was published and Heads of Function were tasked with bringing the predicted overtime spend down by at least £500k by reviewing approval limits for rest day working and opting for more efficient methods of meeting demand. In the final 5 months of the year overtime spend has significantly reduced and is expected to be maintained at a level which will align to the 2018-19 budget moving forward.

### **Police Community Support Officers (PCSO) Salary related costs**

The average number of PCSOs employed throughout 2017/18 was lower than budget which has resulted in an overall underspend of £444k. While some allowance was made for vacancies in the financial profiling the actual level of vacancies, which on average was 16 throughout 2017/18, was higher than expected.

The number of PCSOs in post at the end of 2017/18 was 196 FTEs, which is higher than the 182 FTEs at the start of the financial year.

### **Staff Salary related costs**

The 2017-18 Budget was based on having an average of 1,113 FTE Staff throughout the year. The outturn for the 2017/18 financial year showed an average of 1,039 FTEs being employed - this higher than expected level of vacancies has resulted in an under spend in this area of £1,901k.

Staff overtime has also been incurred as a result of some of the vacancies, in particular in the Force Control Room which has seen an increase in 999 calls of 12% in the past 12 months. The recent approval of the FCR expansion business case aims to invest in staffing to meet the national and local targets for call answering, whilst also reducing the reliance upon overtime to cover the gaps.

### **Other non Salary employee related costs**

The underspend on staff costs has then been reduced by overspends on Agency staff, £764k, to fill some of these vacancies and overspends on overtime, £262k and leavers costs of £54k - resulting in an overall underspend on 'Staff Pay' of £821k.

A number of business critical vacant posts have been filled by Agency staff. These include civilian investigators recruited to fill some Police officer vacancies, with the costs of these posts being included in the staff costs figures.

Other vacancies have been covered by additional overtime, contributing to the overall overspend.

## Policy Injury Pension Costs

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. The overspend in 2017/18 was £571k. This overspend is driven by 2 broad categories, the first is the award of over £300k of backdated injury and medical pension awards - some of which date back to 1995. These could not have been foreseen when the original budget was set.

The other area relates to decisions made during the year to retire Police Officers on the grounds of Injury or Medical reasons. The budget was based on 9 Medical Retirements during 2017/18 however 12 officers unfortunately needed to be retired during the year.

## Premises

In July 2018 North Yorkshire police moved to a new Headquarters in Northallerton however due to the planning process, the sale of the old Headquarters is still to be completed at 31st March 2018 and so for the majority of 2017/18 premises costs include an overlap of running two Headquarters.

Overall there was a small underspend of £24k in the year, as a result of lower energy costs, due to a variety of factors such as installation of new gas boilers to improve efficiency, no spend on oil costs for HQ in the final 2 quarters of the year plus a reduction on running costs of the new HQ at Alverton Court compared to Newby Wiske which was more favourable than had previously been budgeted. This has in part been offset by rating revaluations which took place in 2017-18 which affected some of our larger estate.

## Supplies and Services

The overall underspend of £237k has come from a number of areas and the two most significant areas are mentioned below:

A significant underspend of £372k has arisen against the Digital Information Services Group (DISG) budget. Specific costs built within the budget have been able to be delivered through use of the Rolling Programme and a reduction in data lines costs as a result of the move of HQ from Newby Wiske to Alverton Court has seen refunds delivered.

Successful negotiating in year has resulted in significantly lower insurance premiums for 2017-18 which have generated £110k underspends against budget.

These underspends have been offset by the requirement to purchase Mutual Aid, operational consumables/equipment for the removal of protestors and deliver operational meals in relation to policing the protests arising from fracking activities at an additional cost of £233k.

## Transport Costs

In overall terms there was an overspend of £515k in this area, on an overall budget of £2.4m.

The vast majority of the overspend was as a result of 2 factors, the first was that the budget anticipated that during the year the Mobile Asset Utilisation and Deployment System (MAUDS) and Mobile Working Projects would deliver transport savings by the more efficient utilisation of the Forces' assets. Whilst both projects are nearing completion no impact on savings has yet to be seen.

In addition to this, deploying force wide assets on the fracking operation resulted in unbudgeted costs being incurred on vehicle hire. While the aim was to minimise these by utilising hires to transport large groups of officers at a time, it has still incurred costs of £69k.

The force overspend has been partly offset by an underspend on the National Police Air Service (NPAS). A change in the charging method also prevented further costs being incurred when the contract hours were exceeded.

## Financial Costs, Interest payments and Transfers to/from Reserves

It was necessary to transfer an unbudgeted amount of £522k to top up the Insurance Provisions (see Note 27).

An unbudgeted transfer from reserves of £1,819k was made to fund the overall overspend. Details of all reserve transfers are set out in Note 4.

## Office of the Police and Crime Commissioner (OPCC)

Details of the expenditure are set out in Note 14(d) to the Accounts.

## **Commissioned Services**

The role and responsibilities of the Police and Crime Commissioner is wider than Policing and this has been acknowledged with the addition of responsibilities around Community Safety and Victims and Witnesses services. Additional grant funding was received for a regional Violence against Women and Girls project.

## **Taxation and Non Specific Grant Income**

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 explained in Notes 11 and 12 to the Accounts.

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

## **3. Comprehensive Income and Expenditure Statement (CIES):**

The figures for the year shown here can be reconciled to the CIES via the Movement on Reserves Statement. The technical treatment required means that the outturn presented in this Narrative Report and the movement on the General Fund Balances in the accounts are different. The Expenditure and Funding Analysis in Note 2 to the Accounts presents a reconciliation.

## **4. Summary of the Financial Year 2017/18: Capital Expenditure and Fixed Assets**

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 assets owned by the Group are a vital platform for the delivery of the Commissioners Police and Crime Plan, with the overall purpose of the capital plan being to provide sufficient funding to renew the asset base of the organisation, informed by condition deficiency surveys, 'fit for purpose' reviews, equipment replacement programmes, business continuity requirements and invest to save expenditure. Capital plans are maintained over a rolling five year period, and the revenue consequences, in terms of the savings that are expected to be delivered from the implementation of the plans and also the costs of borrowing to fund the Capital programme in future years have been incorporated into the Medium Term Financial Plan (MTFP).

The CIPFA Prudential Code of Practice is a key element in the system of capital finance. Under this system individual Police and Crime Commissioners are responsible for deciding the level of their affordable borrowing having regard to the Prudential Code. The Capital Plan and its financing are within prudential limits.

The budget for the 2017/18 Capital Programme was £16.2m. Actual spend during the year was £8.6m. Of the amount not spent, £4.2m was slippage to be carried forward into 2018/19 and £3.4m was underspend as a result of a number of cost reductions to planned expenditure over the year. Capital expenditure projects are closely related to revenue project expenditure (which is largely staff costs to manage and implement capital projects), and difficulties in recruiting posts within the project teams has contributed to delays in capital expenditure.

Expenditure on Major Capital Schemes during the year is detailed in Note 20 (b) to the Accounts.

All properties have been revalued as at 31st March 2018 and details are provided in Note 20 (c) to the Accounts.

The depreciation and amortisation charges for the year, amounting to £6.3m (2016/17 £5.4m) 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 £780k capital receipts which will be used to fund the capital programme in future years. Capital receipts from the sale of vehicles contributed a further £135k.

## 5. Police and Crime Plan and Annual Report

The Police and Crime Commissioner produces a Police and Crime Plan which sets out the vision and priorities for policing and community safety in North Yorkshire, as well as the objectives and ambitions that the Chief Constable will be held to account against.

The plan sets out a shared vision for North Yorkshire's police service and charts our journey towards our destination. The Police and Crime Commissioner also produces an Annual Report on progress during the year against the Policing and Corporate Priorities, as set out in the Police and Crime Plan. The Annual Report is published as a separate document at the same time as the financial statements.

The priorities for North Yorkshire, as set out in the Police and Crime Plan for 2017 to 2021 (published in March 2017) are:

### **Caring about the Vulnerable:**

We will have an in-depth understanding of how we can best protect the most vulnerable people in our society and will invest in services, skills and partner relationships to deliver the best possible outcomes.

### **Ambitious Collaboration:**

We will reach out to partners and drive innovation forward to enhance policing, public protection, community safety and local justice services.

### **Reinforcing Local Policing:**

We will equip our people with the technology, skills, capacity and personal support to prevent and tackle crime and reduce demand.

### **Enhancing the Customer Experience:**

We will embed an outward-facing perspective to guide all our endeavours, providing an exemplary service that exceeds expectations, whether that be in serving the public, shaping the organisation or working with colleagues and partners.

## 6. Borrowing

The Group had no borrowing at 31 March 2018. 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, care 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.

## 7. Pensions

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 and is detailed in Note 28.

- 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 28. 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.

## 8. Provisions and Contingencies

Details are provided in the Statement of Accounts Notes 27 and 29

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

The Chief Constable and the Police and Crime Commissioner have a shared vision that by 2021, North Yorkshire Police will be synonymous with exemplary service. To support North Yorkshire Police to achieve this we need to transform the organisation in order to invest more in essential services in line with public expectation and changing demand. This involves the design of a new operating model that will make North Yorkshire Police fit for the future.

The reason we are doing this work is that there are various pressures on our service that we need to tackle constructively. As well as sheer volume of demand, there are changes to the nature of that demand, and we need to make sure we are the right "shape" to deal with what the future brings. On top of this there are numerous national and local initiatives that we will need to adopt over the next few years. These initiatives could bring real benefits to our Force and our communities, but they will also bring changes to the way we operate. These need to be properly thought-through and implemented effectively.

For planning purposes the MTFP assumes that 'flat cash' overall police settlements will continue. Based on current plans the level of Capital reserves and planned borrowing is sufficient to fund the known investment plans of the organisation for the next 4 years.

## 10. 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. There have not been any significant changes in Accounting Policies during 2017/18.

Under Sections 25 and 26 of the Local Audit and Accountability Act 2014 (the Act) interested parties and 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  
Salvus House  
Durham  
DH1 5TS

*M Porter*

Michael Porter  
Chief Finance Officer for the Police and Crime Commissioner for North Yorkshire  
Date: 31 May 2018

## **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 2018, 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: 31 May 2018

**MOVEMENT IN RESERVES STATEMENT for the YEAR ENDED 31 March 2018 (Group)**

|  | General Fund  | Capital Grants Unapplied Account | Capital Receipts Reserve | Total Usable Reserves | Total Unusable Reserves | Total Reserves     |
|--|---------------|----------------------------------|--------------------------|-----------------------|-------------------------|--------------------|
| Note   | £'000         | £'000                            | £'000                    | £'000                 | £'000                   | £'000              |
| <b>Balance at 1 April 2016</b>   | <b>27,485</b> | -                                | <b>1,151</b>             | <b>28,636</b>         | <b>(1,297,349)</b>      | <b>(1,268,713)</b> |
| Total Comprehensive income and expenditure                             | (61,079)      | -                                | -                        | (61,079)              | (264,063)               | (325,142)          |
| Adjustments between accounting basis & funding basis under regulations | 49,802        | -                                | 364                      | 50,166                | (50,166)                | -                  |
| Net increase/(decrease) in year  | (11,277)      | -                                | 364                      | (10,913)              | (314,229)               | (325,142)          |
| <b>Balance at 31 March 2017</b>  | <b>16,208</b> | -                                | <b>1,515</b>             | <b>17,723</b>         | <b>(1,611,578)</b>      | <b>(1,593,855)</b> |
| Total Comprehensive income and expenditure                             | (81,930)      | -                                | -                        | (81,930)              | 53,950                  | (27,980)           |
| Adjustments between accounting basis & funding basis under regulations | 76,625        | -                                | 915                      | 77,540                | (77,540)                | -                  |
| Net increase/(decrease) in year  | (5,305)       | -                                | 915                      | (4,390)               | (23,590)                | (27,980)           |
| <b>Balance at 31 March 2018</b>  | <b>10,903</b> | -                                | <b>2,430</b>             | <b>13,333</b>         | <b>(1,635,168)</b>      | <b>(1,621,835)</b> |
| <b>Reserves held for:</b>  |               |                                  |                          |                       |                         |                    |
| Capital purposes   | 2,853         |                                  | 1,515                    | 4,368                 |                         |                    |
| Revenue purposes   | 13,355        | -                                | -                        | 13,355                |                         |                    |
| <b>Total at 31 March 2017</b>  | <b>16,208</b> | -                                | <b>1,515</b>             | <b>17,723</b>         |                         |                    |
| Capital purposes   | 1,720         | -                                | 2,430                    | 4,150                 |                         |                    |
| Revenue purposes   | 9,183         | -                                | -                        | 9,183                 |                         |                    |
| <b>Total at 31 March 2018</b>  | <b>10,903</b> | -                                | <b>2,430</b>             | <b>13,333</b>         |                         |                    |

An analysis of General Fund Reserves is provided in Note 4 and an analysis of Unusable Reserves is provided in Note 5 to the accounts.



**MOVEMENT IN RESERVES STATEMENT for the YEAR ENDED 31 March 2018 (PCC)**

|  | General Fund  | Capital Grants Unapplied Account | Capital Receipts Reserve | Total Usable Reserves | Total Unusable Reserves | Total Reserves |
|--|---------------|----------------------------------|--------------------------|-----------------------|-------------------------|----------------|
| Note   | £'000         | £'000                            | £'000                    | £'000                 | £'000                   | £'000          |
| <b>Balance at 1 April 2016</b>   | 27,485        | -                                | 1,151                    | 28,636                | 46,334                  | 74,970         |
| Total Comprehensive income and expenditure                             | (7,150)       | -                                | -                        | (7,150)               | (2,470)                 | (9,620)        |
| Adjustments between accounting basis & funding basis under regulations | (4,127)       | -                                | 364                      | (3,763)               | 3,763                   | -              |
| Intragroup transfers of net pension liability                          | -             | -                                | -                        | -                     | -                       | -              |
| Net increase/(decrease) before transfers to Earmarked Reserves         | (11,277)      | -                                | 364                      | (10,913)              | 1,293                   | (9,620)        |
| <b>Balance at 31 March 2017</b>  | 16,208        | -                                | 1,515                    | 17,723                | 47,627                  | 65,350         |
| Total Comprehensive income and expenditure                             | (18,997)      | -                                | -                        | (18,997)              | 2,009                   | (16,988)       |
| Adjustments between accounting basis & funding basis under regulations | 13,692        | -                                | 915                      | 14,607                | (14,607)                | -              |
| <b>Net increase/(decrease) in year</b>                                 | (5,305)       | -                                | 915                      | (4,390)               | (12,598)                | (16,988)       |
| <b>Balance at 31 March 2018</b>  | <b>10,903</b> | <b>-</b>                         | <b>2,430</b>             | <b>13,333</b>         | <b>35,029</b>           | <b>48,362</b>  |
| <b>Reserves held for:</b>  |               |                                  |                          |                       |                         |                |
| Capital purposes   | 2,853         | -                                | 1,515                    | 4,368                 |                         |                |
| Revenue purposes   | 13,355        | -                                | -                        | 13,355                |                         |                |
| <b>Total at 31 March 2017</b>  | <b>16,208</b> | <b>-</b>                         | <b>1,515</b>             | <b>17,723</b>         |                         |                |
| Capital purposes   | 1,720         | -                                | 2,430                    | 4,150                 |                         |                |
| Revenue purposes   | 9,183         | -                                | -                        | 9,183                 |                         |                |
| <b>Total at 31 March 2018</b>  | <b>10,903</b> | <b>-</b>                         | <b>2,430</b>             | <b>13,333</b>         |                         |                |

An analysis of General Fund Reserves is provided in Note 4 and an analysis of Unusable Reserves is provided in Note 5 to the accounts.

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT for the Year  
Ended 31 March 2018 (Group)**

|  |      | 2017/18                | 2016/17                |
|--|------|------------------------|------------------------|
|  |      | Income/<br>Expenditure | Income/<br>Expenditure |
|  | Note | £'000                  | £'000                  |
| Targeted Grants  |      | (4,149)                | (3,309)                |
| Other Income   |      | (8,182)                | (6,509)                |
| Salary Costs   |      | 134,592                | 118,427                |
| Other non Salary employee costs  |      | 2,543                  | 2,092                  |
| Police Injury Pension Costs  |      | 3,810                  | 3,682                  |
| Premises Costs   |      | 4,563                  | 4,520                  |
| Supplies and Services  |      | 20,130                 | 17,126                 |
| Transport Costs  |      | 2,917                  | 2,786                  |
| Financial Costs  |      | 12,348                 | 7,805                  |
| Commissioned Services  |      | 3,450                  | 3,327                  |
| Project Costs  |      | 5,049                  | 3,352                  |
| <b>Cost of Police Services</b>   |      | <b>177,071</b>         | <b>153,299</b>         |
| Corporate and Democratic Core  |      | 1,136                  | 1,058                  |
| Non-Distributed Costs - Past Service Costs   | 28   | 1,176                  | 229                    |
| <b>Net Cost of Services</b>  |      | <b>179,383</b>         | <b>154,586</b>         |
| Other Operating Income and Expenditure   | 8    | 24,582                 | 24,021                 |
| Financing and Investment Income and Expenditure  | 10a  | 43,766                 | 47,137                 |
| Taxation and Non-Specific Grant Income   | 11   | (165,801)              | (164,665)              |
| <b>(Surplus) or deficit on the Provision of Services</b>                                       |      | <b>81,930</b>          | <b>61,079</b>          |
| <b>Other Comprehensive Income and Expenditure</b>  |      |                        |                        |
| (Surplus) or deficit on revaluation of non-current assets charged to revaluation reserve       | 5a   | 140                    | 1,667                  |
| (Surplus) or deficit on remeasurements of defined benefit liability charged to pension reserve | 5c   | (54,090)               | 262,396                |
| <b>Other Comprehensive (Income) and Expenditure</b>  |      | <b>(53,950)</b>        | <b>264,063</b>         |
| <b>Total Comprehensive (Income) and Expenditure</b>  |      | <b>27,980</b>          | <b>325,142</b>         |

*A comparison between expenditure funded by government grants and precept and resources consumed in accordance with accepted accounting principles is provided in the Expenditure and Funding Analysis (Note 2)*

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT for the Year Ended 31 March 2018 (PCC)

|  |      | 2017/18                | 2016/17                |
|--|------|------------------------|------------------------|
|  |      | Income/<br>Expenditure | Income/<br>Expenditure |
|  | Note | £'000                  | £'000                  |
| Targeted Grants  |      | (4,149)                | (3,309)                |
| Other Income   |      | (639)                  | (731)                  |
| Salary Costs   |      | 1,667                  | 470                    |
| Other non Salary employee costs  |      | -                      | -                      |
| Premises Costs   |      | -                      | -                      |
| Supplies and Services  |      | -                      | (2)                    |
| Transport Costs  |      | -                      | -                      |
| Financial Costs  |      | -                      | -                      |
| Commissioned Services  |      | 3,450                  | 3,327                  |
| <b>Cost of Police Services</b>   |      | <b>329</b>             | <b>(245)</b>           |
| Corporate and Democratic Core  |      | 1,136                  | 1,058                  |
| Non-Distributed Costs - Past Service Costs   | 28   | 31                     | -                      |
| Intragroup Funding   | 7    | 158,668                | 147,079                |
| <b>Net Cost of Services</b>  |      | <b>160,164</b>         | <b>147,892</b>         |
| Other Operating Income and Expenditure   | 8    | 24,582                 | 24,021                 |
| Financing and Investment Income and Expenditure  | 10a  | 52                     | (98)                   |
| Taxation and Non-Specific Grant Income   | 12   | (165,801)              | (164,665)              |
| <b>(Surplus) or deficit on the Provision of Services</b>                                       | 2    | <b>18,997</b>          | <b>7,150</b>           |
| <b>Other Comprehensive Income and Expenditure</b>  |      |                        |                        |
| (Surplus) or deficit on revaluation of non-current assets charged to revaluation reserve       | 5a   | 140                    | 1,667                  |
| (Surplus) or deficit on remeasurements of defined benefit liability charged to pension reserve | 5c   | (2,149)                | 803                    |
| <b>Other Comprehensive (Income) and Expenditure</b>  |      | <b>(2,009)</b>         | <b>2,470</b>           |
| <b>Total Comprehensive (Income) and Expenditure</b>  |      | <b>16,988</b>          | <b>9,620</b>           |

*A comparison between expenditure funded by government grants and precept and resources consumed in accordance with accepted accounting principles is provided in the Expenditure and Funding Analysis (Note 2)*

**BALANCE SHEET as at 31 March 2018 (Group)**

|                                    | Note | 31 March 2018<br>£'000 | 31 March 2017<br>£'000 |
|------------------------------------|------|------------------------|------------------------|
| <b>Long-Term Assets</b>            |      |                        |                        |
| Property, Plant and Equipment      | 16   | 43,242                 | 40,667                 |
| Investment Property                | 17   | 332                    | 312                    |
| Intangible Assets                  | 18   | 2,719                  | 2,685                  |
| Assets under Construction          | 16   | -                      | 8,876                  |
| <b>Total Long-Term Assets</b>      |      | <b>46,293</b>          | <b>52,540</b>          |
| <b>Current Assets</b>              |      |                        |                        |
| Assets Held for Sale               | 19   | 2,330                  | -                      |
| Inventories                        | 22   | 361                    | 280                    |
| Short-term Debtors                 | 23   | 17,010                 | 16,558                 |
| Cash and Cash Equivalents          | 24   | 4,749                  | 15,065                 |
| <b>Total Current Assets</b>        |      | <b>24,450</b>          | <b>31,903</b>          |
| <b>Total Assets</b>                |      | <b>70,743</b>          | <b>84,443</b>          |
| <b>Current Liabilities</b>         |      |                        |                        |
| Cash and Cash Equivalents          | 24   | (3)                    | -                      |
| Short-term Creditors               | 26   | (18,157)               | (14,389)               |
| Short-term Provisions              | 27   | (1,960)                | (1,128)                |
| <b>Total Current Liabilities</b>   |      | <b>(20,120)</b>        | <b>(15,517)</b>        |
| <b>Long-Term Liabilities</b>       |      |                        |                        |
| Long-term Provisions               | 27   | (1,067)                | (1,233)                |
| Pension Fund Liability             | 28   | (1,671,391)            | (1,661,548)            |
| Other Long-term Liabilities        | 25   | -                      | -                      |
| <b>Total Long-Term Liabilities</b> |      | <b>(1,672,458)</b>     | <b>(1,662,781)</b>     |
| <b>Net Assets (Liabilities)</b>    |      | <b>(1,621,835)</b>     | <b>(1,593,855)</b>     |
| <b>Reserves</b>                    |      |                        |                        |
| <b>Usable Reserves</b>             |      |                        |                        |
| General Fund Reserves              | 4    | 10,903                 | 16,208                 |
| Capital Receipts Reserve           |      | 2,430                  | 1,515                  |
| <b>Total Usable Reserves</b>       |      | <b>13,333</b>          | <b>17,723</b>          |
| <b>Unusable Reserves</b>           |      |                        |                        |
| Revaluation Reserve                | 5    | 1,286                  | 1,608                  |
| Capital Adjustment Account         | 5    | 36,314                 | 47,963                 |
| Pensions Reserve                   | 5    | (1,671,391)            | (1,661,548)            |
| Collection Fund Adjustment Account | 5    | 697                    | 1,689                  |
| Accumulated Absences Account       | 5    | (2,074)                | (1,290)                |
| <b>Total Unusable Reserves</b>     |      | <b>(1,635,168)</b>     | <b>(1,611,578)</b>     |
| <b>Total Reserves</b>              |      | <b>(1,621,835)</b>     | <b>(1,593,855)</b>     |

**BALANCE SHEET as at 31 March 2018 (PCC)**

|                                    | Note | 31 March 2018<br>£'000 | 31 March 2017<br>£'000 |
|------------------------------------|------|------------------------|------------------------|
| <b>Long-Term Assets</b>            |      |                        |                        |
| Property, Plant and Equipment      | 16   | 43,242                 | 40,667                 |
| Investment Property                | 17   | 332                    | 312                    |
| Intangible Assets                  | 18   | 2,719                  | 2,685                  |
| Assets under Construction          | 16   | -                      | 8,876                  |
| <b>Total Long-Term Assets</b>      |      | <b>46,293</b>          | <b>52,540</b>          |
| <b>Current Assets</b>              |      |                        |                        |
| Assets Held for Sale               | 19   | 2,330                  | -                      |
| Inventories                        | 22   | 96                     | 93                     |
| Short-term Debtors                 | 23   | 17,010                 | 16,558                 |
| Cash and Cash Equivalents          | 24   | 4,733                  | 15,049                 |
| <b>Total Current Assets</b>        |      | <b>24,169</b>          | <b>31,700</b>          |
| <b>Total Assets</b>                |      | <b>70,462</b>          | <b>84,240</b>          |
| <b>Current Liabilities</b>         |      |                        |                        |
| Cash and Cash Equivalents          | 24   | (3)                    | -                      |
| Short-term Creditors               | 26   | (18,492)               | (15,063)               |
| Short-term Provisions              | 27   | (489)                  | (317)                  |
| <b>Total Current Liabilities</b>   |      | <b>(18,984)</b>        | <b>(15,380)</b>        |
| <b>Long-Term Liabilities</b>       |      |                        |                        |
| Long-term Provisions               | 27   | (33)                   | (28)                   |
| Pension Fund Liability             | 28   | (3,083)                | (3,482)                |
| Other Long-term Liabilities        | 25   | -                      | -                      |
| <b>Total Long-Term Liabilities</b> |      | <b>(3,116)</b>         | <b>(3,510)</b>         |
| <b>Net Assets (Liabilities)</b>    |      | <b>48,362</b>          | <b>65,350</b>          |
| <b>Reserves</b>                    |      |                        |                        |
| <b>Usable Reserves</b>             |      |                        |                        |
| General Fund Reserves              | 4    | 10,903                 | 16,208                 |
| Capital Receipts Reserve           |      | 2,430                  | 1,515                  |
| <b>Total Usable Reserves</b>       |      | <b>13,333</b>          | <b>17,723</b>          |
| <b>Unusable Reserves</b>           |      |                        |                        |
| Revaluation Reserve                | 5    | 1,286                  | 1,608                  |
| Capital Adjustment Account         | 5    | 36,314                 | 47,963                 |
| Pensions Reserve                   | 5    | (3,083)                | (3,482)                |
| Collection Fund Adjustment Account | 5    | 697                    | 1,689                  |
| Accumulated Absences Account       | 5    | (185)                  | (151)                  |
| <b>Total Unusable Reserves</b>     |      | <b>35,029</b>          | <b>47,627</b>          |
| <b>Total Reserves</b>              |      | <b>48,362</b>          | <b>65,350</b>          |

**CASH FLOW STATEMENT**  
**for the YEAR ENDED 31 March 2018**  
**for NYPCC and the NYPCC Group**

|      |   | 2017/18<br>Group<br>£'000 | 2017/18<br>PCC<br>£'000 | 2016/17<br>Group<br>£'000 | 2016/17<br>PCC<br>£'000 |
|------|---|---------------------------|-------------------------|---------------------------|-------------------------|
| Note |   |                           |                         |                           |                         |
|      | <b>Net deficit / (surplus) on the provision of services</b>   | <b>81,930</b>             | <b>18,997</b>           | <b>61,079</b>             | <b>7,150</b>            |
|      | <i>Adjustments to net deficit / (surplus) on the provision of services for non-cash movements:</i>  |                           |                         |                           |                         |
|      | (Increase) / decrease in provisions   | (666)                     | (178)                   | 349                       | 39                      |
|      | Movement in pension liability   | (63,933)                  | (1,750)                 | (54,817)                  | (525)                   |
|      | Depreciation, impairments and revaluations  | (11,644)                  | (11,644)                | (7,048)                   | (7,048)                 |
| 20e  | Increase / (decrease) in debtors  | 705                       | 705                     | 3,490                     | 3,490                   |
|      | (Increase) / decrease in provision for bad debts  | (253)                     | (253)                   | (64)                      | (64)                    |
|      | Decrease in creditors   | (3,695)                   | (3,355)                 | (1,276)                   | (1,309)                 |
|      | Increase / (decrease) in inventories  | 81                        | 3                       | 14                        | (5)                     |
|      | Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised  | (825)                     | (825)                   | (367)                     | (367)                   |
|      |   | <b>(80,230)</b>           | <b>(17,297)</b>         | <b>(59,719)</b>           | <b>(5,789)</b>          |
|      | <i>Adjustments for items included in the net deficit / (surplus) on the provisions of services that are investing and financing activities:</i> |                           |                         |                           |                         |
|      | Proceeds of disposal of non-current assets  | 915                       | 915                     | 364                       | 364                     |
|      | <b>Net Cash Flows from Operating Activities</b>   | <b>2,615</b>              | <b>2,615</b>            | <b>1,724</b>              | <b>1,725</b>            |
|      | Net Cash Flows from Investing Activities  | 7,670                     | 7,670                   | 11,231                    | 11,231                  |
|      | Net Cash Flows from Financing Activities  | 34                        | 34                      | 135                       | 135                     |
|      | <b>Net (increase) / decrease in cash and cash equivalents</b>   | <b>10,319</b>             | <b>10,319</b>           | <b>13,090</b>             | <b>13,091</b>           |
|      | Cash and cash equivalents at the beginning of the reporting period  | 15,065                    | 15,049                  | 28,155                    | 28,140                  |
|      | <b>Cash and cash equivalents at the end of the reporting period</b>   | <b>4,746</b>              | <b>4,730</b>            | <b>15,065</b>             | <b>15,049</b>           |

## **ACCOUNTING POLICIES for the YEAR ENDED 31 March 2018 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 2017/18 (the Code) and the Service Reporting Code of Practice for Local Authorities 2017/18 (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

During 2017/18, there were no new adjustments to apply to the International Financial Reporting ("IFRS") Standards and International Accounting Standards ("IAS").

#### 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. 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.

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.

## 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 2018 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 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 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 28 February 2017. 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 2, 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 2018 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 £38k (PCC £38k) 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:

| <b>Impact on Defined Benefit Obligations</b>                           | <b>PCC</b>  | <b>Group</b> | <b>Group</b>                  |
|--|-------------|--------------|-------------------------------|
| <b>Change in Assumptions</b>   | <b>LGPS</b> | <b>LGPS</b>  | <b>Police Pension Schemes</b> |
| Longevity (increase or decrease by 1 year)                             | £1.5m       | £7.1m        | £40.0m                        |
| Rate of increase in salaries (increase or decrease by 0.1%)            | £0.3m       | £1.3m        | £3.8m                         |
| Rate of increase in pensions (increase or decrease by 0.1%)            | £1.0m       | £4.9m        | £26.0m                        |
| Rate for discounting scheme liabilities (increase or decrease by 0.1%) | £1.3m       | £6.1m        | £32.6m                        |

### **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 £232k (PCC £39k) 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 £126k (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 64% (PCC 7%) of the accrual (£1.3m) (PCC £12k) relates to rest days in lieu (RDIL). An increase or decrease of 5% in the number of RDIL owed would change the accrual by £67k (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 2018. Both will come into effect for the 2018/19 accounts. Early adoption is not permitted under the Code.

### **IAS 9 - Financial Instruments**

CIPFA/LASAAC consider that there is a possibility that the changes introduced by the standard will have a timing and budgetary impact, depending on the individual circumstances of the Group, and are seeking to understand the practical implications before confirming the impact on the Code for 2018/19.

### **IFRS 15 - Revenue from Contracts with Customers**

The core principle in the IFRS 15 is the recognition of revenue to depict the transfer of promised goods or services to the service recipient or customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

CIPFA/LASAAC consider that the recognition of revenue has rarely been a complex issue. However, for the more complicated transactions, IFRS 15 will require that professional judgement is made. CIPFA/LASAAC consider the additional disclosures for revenue from contracts with service recipients should only be included in the financial statements if the information relating to the disclosure is material and are seeking to understand the potential impact of the standard and the substantial new disclosure requirements on resources and financial statements before confirming the impact on the Code for 2018/19.

**NOTES to the ACCOUNTS for NYPCC and the NYPCC Group**

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# 1. Supplementary information to the Movement in Reserves Statement

Analysis of adjustments between accounting basis and funding basis under regulations

## Current Year - Group

### Adjustments to the Revenue Resources:

Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:

|   | General Fund Balance | Capital Receipts Reserve | Capital Grants Unapplied Account | Total Usable Reserves | Total Unusable Reserves | Total Reserves |
|---|----------------------|--------------------------|----------------------------------|-----------------------|-------------------------|----------------|
|   | £'000                | £'000                    | £'000                            | £'000                 | £'000                   | £'000          |
| * Pension costs (transferred to or from the Pension Reserve)  | 63,933               | -                        | -                                | 63,933                | (63,933)                | -              |
| * Precept (transferred to or from the Collection Fund Adjustment Account)   | 992                  | -                        | -                                | 992                   | (992)                   | -              |
| * Holiday pay etc transferred to or from the Accumulated Absence Reserve  | 784                  | -                        | -                                | 784                   | (784)                   | -              |
| * Reversal of entries included in the Surplus or Deficit on the Provision of Service in relation to capital expenditure (charged to the Capital Adjustment Account) | 12,469               | -                        | -                                | 12,469                | (12,469)                | -              |
| <b>Total Adjustments to Revenue Resources</b>   | <b>78,178</b>        | <b>-</b>                 | <b>-</b>                         | <b>78,178</b>         | <b>(78,178)</b>         | <b>-</b>       |

### Adjustments between Revenue and Capital Resources:

|   |                |            |          |              |            |          |
|---|----------------|------------|----------|--------------|------------|----------|
| * Transfer of non-current asset sale proceeds from revenue to the Capital Receipt Reserve         | (915)          | 915        | -        | -            | -          | -        |
| * Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)      | (189)          | -          | -        | (189)        | 189        | -        |
| * Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) | (18)           | -          | -        | (18)         | 18         | -        |
| <b>Total Adjustments between Revenue and Capital Resources</b>                                    | <b>(1,122)</b> | <b>915</b> | <b>-</b> | <b>(207)</b> | <b>207</b> | <b>-</b> |

### Adjustments to Capital Resources:

|  |              |          |          |              |            |          |
|--|--------------|----------|----------|--------------|------------|----------|
| * Use of the Capital Receipts Reserve to finance capital expenditure | -            | -        | -        | -            | -          | -        |
| * Application of capital grants to finance capital expenditure       | (431)        | -        | -        | (431)        | 431        | -        |
| * Notional income in relation to Donated Assets                      | -            | -        | -        | -            | -          | -        |
| <b>Total Adjustments to Capital Resources</b>                        | <b>(431)</b> | <b>-</b> | <b>-</b> | <b>(431)</b> | <b>431</b> | <b>-</b> |

## Total Adjustments

|               |            |          |               |                 |          |
|---------------|------------|----------|---------------|-----------------|----------|
| <b>76,625</b> | <b>915</b> | <b>-</b> | <b>77,540</b> | <b>(77,540)</b> | <b>-</b> |
|---------------|------------|----------|---------------|-----------------|----------|

# 1. Supplementary information to the Movement in Reserves Statement

Analysis of adjustments between accounting basis and funding basis under regulations

## Current Year - PCC

### Adjustments to the Revenue Resources:

Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:

|   | General<br>Fund<br>Balance | Capital<br>Receipts<br>Reserve | Capital<br>Grants<br>Unapplied<br>Account | Total<br>Usable<br>Reserves | Total<br>Unusable<br>Reserves | Total<br>Reserves |
|---|----------------------------|--------------------------------|---|-----------------------------|-------------------------------|-------------------|
|   | £'000                      | £'000                          | £'000                                     | £'000                       | £'000                         | £'000             |
| * Pension costs (transferred to or from the Pension Reserve)  | 1,750                      | -                              | -   | 1,750                       | (1,750)                       | -                 |
| * Precept (transferred to or from the Collection Fund Adjustment Account)   | 992                        | -                              | -   | 992                         | (992)                         | -                 |
| * Holiday pay etc transferred to or from the Accumulated Absence Reserve  | 34                         | -                              | -   | 34                          | (34)                          | -                 |
| * Reversal of entries included in the Surplus or Deficit on the Provision of Service in relation to capital expenditure (charged to the Capital Adjustment Account) | 12,469                     | -                              | -   | 12,469                      | (12,469)                      | -                 |
| <b>Total Adjustments to Revenue Resources</b>   | <b>15,245</b>              | <b>-</b>                       | <b>-</b>                                  | <b>15,245</b>               | <b>(15,245)</b>               | <b>-</b>          |

### Adjustments between Revenue and Capital Resources:

|   |                |            |          |              |            |          |
|---|----------------|------------|----------|--------------|------------|----------|
| * Transfer of non-current asset sale proceeds from revenue to the Capital Receipt Reserve         | (915)          | 915        | -        | -            | -          | -        |
| * Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)    | (189)          | -          | -        | (189)        | 189        | -        |
| * Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) | (18)           | -          | -        | (18)         | 18         | -        |
| <b>Total Adjustments between Revenue and Capital Resources</b>                                    | <b>(1,122)</b> | <b>915</b> | <b>-</b> | <b>(207)</b> | <b>207</b> | <b>-</b> |

### Adjustments to Capital Resources:

|  |              |          |          |              |            |          |
|--|--------------|----------|----------|--------------|------------|----------|
| * Use of the Capital Receipts Reserve to finance capital expenditure | -            | -        | -        | -            | -          | -        |
| * Application of capital grants to finance capital expenditure       | (431)        | -        | -        | (431)        | 431        | -        |
| * Notional income in relation to Donated Assets                      | -            | -        | -        | -            | -          | -        |
| <b>Total Adjustments to Capital Resources</b>                        | <b>(431)</b> | <b>-</b> | <b>-</b> | <b>(431)</b> | <b>431</b> | <b>-</b> |

|                          |               |            |          |               |                 |          |
|--------------------------|---------------|------------|----------|---------------|-----------------|----------|
| <b>Total Adjustments</b> | <b>13,692</b> | <b>915</b> | <b>-</b> | <b>14,607</b> | <b>(14,607)</b> | <b>-</b> |
|--------------------------|---------------|------------|----------|---------------|-----------------|----------|



# 1. Supplementary information to the Movement in Reserves Statement

Analysis of adjustments between accounting basis and funding basis under regulations

## Prior Year - Group

### Adjustments to the Revenue Resources:

Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:

|   | General Fund Balance | Capital Receipts Reserve | Capital Grants Unapplied Account | Total Usable Reserves | Total Unusable Reserves | Total Reserves |
|---|----------------------|--------------------------|----------------------------------|-----------------------|-------------------------|----------------|
|   | £'000                | £'000                    | £'000                            | £'000                 | £'000                   | £'000          |
| * Pension costs (transferred to or from the Pension Reserve)  | 54,817               | -                        | -                                | 54,817                | (54,817)                | -              |
| * Precept (transferred to or from the Collection Fund Adjustment Account)   | 171                  | -                        | -                                | 171                   | (171)                   | -              |
| * Holiday pay etc transferred to or from the Accumulated Absence Reserve  | (355)                | -                        | -                                | (355)                 | 355                     | -              |
| * Reversal of entries included in the Surplus or Deficit on the Provision of Service in relation to capital expenditure (charged to the Capital Adjustment Account) | 7,414                | -                        | -                                | 7,414                 | (7,414)                 | -              |
| <b>Total Adjustments to Revenue Resources</b>   | <b>62,047</b>        | <b>-</b>                 | <b>-</b>                         | <b>62,047</b>         | <b>(62,047)</b>         | <b>-</b>       |

### Adjustments between Revenue and Capital Resources:

|   |                 |            |          |                 |               |          |
|---|-----------------|------------|----------|-----------------|---------------|----------|
| * Transfer of non-current asset sale proceeds from revenue to the Capital Receipt Reserve         | (364)           | 364        | -        | -               | -             | -        |
| * Statutory provision for the repayment of debt (transfer to Capital Adjustment Account)          | (286)           | -          | -        | (286)           | 286           | -        |
| * Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) | (10,960)        | -          | -        | (10,960)        | 10,960        | -        |
| <b>Total Adjustments between Revenue and Capital Resources</b>                                    | <b>(11,610)</b> | <b>364</b> | <b>-</b> | <b>(11,246)</b> | <b>11,246</b> | <b>-</b> |

### Adjustments to Capital Resources:

|  |              |          |          |              |            |          |
|--|--------------|----------|----------|--------------|------------|----------|
| * Use of the Capital Receipts Reserve to finance capital expenditure | -            | -        | -        | -            | -          | -        |
| * Application of capital grants to finance capital expenditure       | (635)        | -        | -        | (635)        | 635        | -        |
| * Notional income in relation to Donated Assets                      | -            | -        | -        | -            | -          | -        |
| <b>Total Adjustments to Capital Resources</b>                        | <b>(635)</b> | <b>-</b> | <b>-</b> | <b>(635)</b> | <b>635</b> | <b>-</b> |

## Total Adjustments

|  |        |     |   |        |          |   |
|--|--------|-----|---|--------|----------|---|
|  | 49,802 | 364 | - | 50,166 | (50,166) | - |
|--|--------|-----|---|--------|----------|---|

**1. Supplementary information to the Movement in Reserves Statement**

Analysis of adjustments between accounting basis and funding basis under regulations

**Prior Year - PCC****Adjustments to the Revenue Resources:**

Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:

|   | General Fund Balance | Capital Receipts Reserve | Capital Grants Unapplied Account | Total Usable Reserves | Total Unusable Reserves | Total Reserves |
|---|----------------------|--------------------------|----------------------------------|-----------------------|-------------------------|----------------|
|   | £'000                | £'000                    | £'000                            | £'000                 | £'000                   | £'000          |
| * Pension costs (transferred to or from the Pension Reserve)  | 525                  | -                        | -                                | 525                   | (525)                   | -              |
| * Precept (transferred to or from the Collection Fund Adjustment Account)   | 171                  | -                        | -                                | 171                   | (171)                   | -              |
| * Holiday pay etc transferred to or from the Accumulated Absence Reserve  | 8                    | -                        | -                                | 8                     | (8)                     | -              |
| * Reversal of entries included in the Surplus or Deficit on the Provision of Service in relation to capital expenditure (charged to the Capital Adjustment Account) | 7,414                |                          |                                  | 7,414                 | (7,414)                 | -              |
| <b>Total Adjustments to Revenue Resources</b>   | <b>8,118</b>         | <b>-</b>                 | <b>-</b>                         | <b>8,118</b>          | <b>(8,118)</b>          | <b>-</b>       |

**Adjustments between Revenue and Capital Resources:**

|   |                 |            |          |                 |               |          |
|---|-----------------|------------|----------|-----------------|---------------|----------|
| * Transfer of non-current asset sale proceeds from revenue to the Capital Receipt Reserve         | (364)           | 364        | -        | -               | -             | -        |
| * Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)    | (286)           | -          | -        | (286)           | 286           | -        |
| * Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) | (10,960)        | -          | -        | (10,960)        | 10,960        | -        |
| <b>Total Adjustments between Revenue and Capital Resources</b>                                    | <b>(11,610)</b> | <b>364</b> | <b>-</b> | <b>(11,246)</b> | <b>11,246</b> | <b>-</b> |

**Adjustments to Capital Resources:**

|  |              |          |          |              |            |          |
|--|--------------|----------|----------|--------------|------------|----------|
| * Use of the Capital Receipts Reserve to finance capital expenditure | -            | -        | -        | -            | -          | -        |
| * Application of capital grants to finance capital expenditure       | (635)        | -        | -        | (635)        | 635        | -        |
| * Notional income in relation to Donated Assets                      | -            | -        | -        | -            | -          | -        |
| <b>Total Adjustments to Capital Resources</b>                        | <b>(635)</b> | <b>-</b> | <b>-</b> | <b>(635)</b> | <b>635</b> | <b>-</b> |

**Total Adjustments**

|                |            |          |                |              |          |
|----------------|------------|----------|----------------|--------------|----------|
| <b>(4,127)</b> | <b>364</b> | <b>-</b> | <b>(3,763)</b> | <b>3,763</b> | <b>-</b> |
|----------------|------------|----------|----------------|--------------|----------|

## 2. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants and precept) by the Group in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It shows how this expenditure is allocated for decision making processes. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

| Current year - Group  | Note | Expenditure<br>chargeable to the<br>General Fund | Adjustments<br>between the<br>funding and<br>Accounting<br>Basis | Net Expenditure<br>in the<br>Comprehensive<br>Income and<br>Expenditure<br>Statement |
|---|------|--|--|--|
|   |      | £'000  | £'000  | £'000  |
| Targeted Grants   |      | (4,149)  | -  | (4,149)  |
| Other Income (including project income)                               |      | (8,215)  | 33   | (8,182)  |
| Salary Costs  |      | 114,979  | 19,613   | 134,592  |
| Other non Salary employee costs                                       |      | 2,543  | -  | 2,543  |
| Police Injury Pension Costs   |      | 3,810  | -  | 3,810  |
| Premises Costs  |      | 4,574  | (11)   | 4,563  |
| Supplies and Services   |      | 20,165   | (35)   | 20,130   |
| Transport Costs   |      | 2,917  | -  | 2,917  |
| Financial Costs   |      | 684  | 11,664   | 12,348   |
| Interest Payments and Leasing Charges                                 |      | 6  | (6)  | -  |
| Repayment of loan and lease   |      | 189  | (189)  | -  |
| OPCC costs  |      | 974  | (974)  | -  |
| Commissioned Services   |      | 3,450  | -  | 3,450  |
| Project Costs   |      | 5,049  | -  | 5,049  |
| Transfer to /from Reserves  |      | (2,364)  | 2,364  | -  |
| <b>Cost of Police Services</b>  |      | <b>144,612</b>                                   | <b>32,459</b>  | <b>177,071</b>   |
| Corporate and Democratic Core   |      | -  | 1,136  | 1,136  |
| Non-Distributed Costs   |      | -  | 1,176  | 1,176  |
| Intragroup funding  |      | -  | -  | -  |
| <b>Net Cost of Services</b>   |      | <b>144,612</b>                                   | <b>34,771</b>  | <b>179,383</b>   |
| Other Operating Income and Expenditure                                |      | -  | 24,582   | 24,582   |
| Financing and Investment Income and Expenditure                       |      | -  | 43,766   | 43,766   |
| Taxation and Non-Specific Grant Income                                |      | (141,689)  | (24,112)   | (165,801)  |
| <b>(Surplus) or deficit on the Provision of Services</b>              |      | <b>2,923</b>                                     | <b>79,007</b>  | <b>81,930</b>  |
| Adjustments between accounting and funding arrangements under statute | 1    |  | 76,625   |  |
| Transfers between reserves and revenue                                | 4    |  | 2,364  |  |
| Utilisation of reserves to fund capital                               | 20   |  | 18   |  |
|   |      |  | <b>79,007</b>  |  |

Details of the main adjustments between the funding and accounting basis are set out in Note 3.

## 2. Expenditure and Funding Analysis

| Current year - PCC   | Note | Expenditure chargeable to the General Fund | Adjustments between the funding and Accounting Basis | Net Expenditure in the Comprehensive Income and Expenditure Statement |
|--|------|--|--|---|
|  |      | £'000                                      | £'000  | £'000   |
| Targeted Grants  |      | (4,149)                                    | -  | (4,149)   |
| Other Income (including project income)                                |      | (672)                                      | 33   | (639)   |
| Salary Costs   |      | 6,719                                      | (5,052)  | 1,667   |
| Other non Salary employee costs  |      | 235  | (235)  | -   |
| Premises Costs   |      | 4,492                                      | (4,492)  | -   |
| Supplies and Services  |      | 8,276                                      | (8,276)  | -   |
| Transport Costs  |      | 821  | (821)  | -   |
| Financial Costs  |      | 323  | (323)  | -   |
| Interest Payments and Leasing Charges                                  |      | 6  | (6)  | -   |
| Repayment of loan and lease  |      | 189  | (189)  | -   |
| OPCC costs   |      | 974  | (974)  | -   |
| Commissioned Services  |      | 3,450                                      | -  | 3,450   |
| Project Costs  |      | 5,049                                      | (5,049)  | -   |
| Transfer to /from Reserves   |      | (2,364)                                    | 2,364  | -   |
| <b>Cost of Police Services</b>   |      | <b>23,349</b>                              | <b>(23,020)</b>                                      | <b>329</b>  |
| Corporate and Democratic Core  |      | -  | 1,136  | 1,136   |
| Non-Distributed Costs  |      | -  | 31   | 31  |
| Intragroup funding   |      | 121,263                                    | 37,405   | 158,668   |
| <b>Net Cost of Services</b>  |      | <b>144,612</b>                             | <b>15,552</b>  | <b>160,164</b>  |
| Other Operating Income and Expenditure                                 |      | -  | 24,582   | 24,582  |
| Financing and Investment Income and Expenditure                        |      | -  | 52   | 52  |
| Taxation and Non-Specific Grant Income                                 |      | (141,689)                                  | (24,112)   | (165,801)   |
| <b>(Surplus) or deficit on the Provision of Services</b>               |      | <b>2,923</b>                               | <b>16,074</b>  | <b>18,997</b>   |
| Adjustment between accounting and funding arrangements under statute 1 | 1    |  | 13,692   |   |
| Transfer between reserves and revenue                                  | 4    |  | 2,364  |   |
| Utilisation of reserves to fund capital                                | 20   |  | 18   |   |
|  |      |  | <b>16,074</b>  |   |

Details of the main adjustments between the funding and accounting basis are set out in Note 3.

## 2. Expenditure and Funding Analysis

| Previous year - Group  | Note | Expenditure chargeable to the General Fund | Adjustments between the funding and Accounting Basis | Net Expenditure in the Comprehensive Income and Expenditure Statement |
|--|------|--|--|---|
|  |      | £'000                                      | £'000  | £'000   |
| Targeted Grants  |      | (3,309)                                    | -  | (3,309)   |
| Other Income   |      | (6,636)                                    | 127  | (6,509)   |
| Salary Costs   |      | 111,617                                    | 6,810  | 118,427   |
| Other non Salary employee costs                                      |      | 2,092                                      | -  | 2,092   |
| Police Injury Pension Costs  |      | 3,682                                      | -  | 3,682   |
| Premises Costs   |      | 4,525                                      | (5)  | 4,520   |
| Supplies and Services  |      | 17,152                                     | (26)   | 17,126  |
| Transport Costs  |      | 2,786                                      | -  | 2,786   |
| Financial Costs  |      | 705  | 7,100  | 7,805   |
| Interest Payments and Leasing Charges                                |      | 14   | (14)   | -   |
| Repayment of loan and lease  |      | 286  | (286)  | -   |
| OPCC costs   |      | 908  | (908)  | -   |
| Commissioned Services  |      | 3,327                                      | -  | 3,327   |
| Project Costs  |      | 3,352                                      | -  | 3,352   |
| Transfer to /from Reserves   |      | (318)                                      | 318  | -   |
| <b>Cost of Police Services</b>                                       |      | <b>140,183</b>                             | <b>13,116</b>  | <b>153,299</b>  |
| Corporate and Democratic Core  |      | -  | 1,058  | 1,058   |
| Non-Distributed Costs  |      | -  | 229  | 229   |
| Intragroup funding   |      | -  | -  | -   |
| <b>Net Cost of Services</b>  |      | <b>140,183</b>                             | <b>14,403</b>  | <b>154,586</b>  |
| Other Operating Income and Expenditure                               |      | -  | 24,021   | 24,021  |
| Financing and Investment Income and Expenditure                      |      | -  | 47,137   | 47,137  |
| Taxation and Non-Specific Grant Income                               |      | (140,183)                                  | (24,482)   | (164,665)   |
| <b>(Surplus) or deficit on the Provision of Services</b>             |      | <b>-</b>                                   | <b>61,079</b>  | <b>61,079</b>   |
| Adjustment between accounting and funding arrangements under statute | 1    |  | 49,802   |   |
| Transfer between revenue and reserves                                | 4    |  | 318  |   |
| Utilisation of reserves to fund capital                              | 20   |  | 10,959   |   |
|  |      |  | <b>61,079</b>  |   |

Details of the main adjustments between the funding and accounting basis are set out in Note 3.

## 2. Expenditure and Funding Analysis (PCC)

| Previous year - PCC  | Note | Expenditure chargeable to the General Fund | Adjustments between the funding and Accounting Basis | Net Expenditure in the Comprehensive Income and Expenditure Statement |
|--|------|--|--|---|
|  |      | £'000                                      | £'000  | £'000   |
| Targeted Grants  |      | (3,309)                                    | -  | (3,309)   |
| Other Income   |      | (858)                                      | 127  | (731)   |
| Salary Costs   |      | 6,400                                      | (5,930)  | 470   |
| Other non Salary employee costs                                      |      | 230  | (230)  | -   |
| Police Injury Pension Costs  |      | -  | -  | -   |
| Premises Costs   |      | 4,461                                      | (4,461)  | -   |
| Supplies and Services  |      | 7,304                                      | (7,306)  | (2)   |
| Transport Costs  |      | 815  | (815)  | -   |
| Financial Costs  |      | 333  | (333)  | -   |
| Interest Payments and Leasing Charges                                |      | 14   | (14)   | -   |
| Repayment of loan and lease  |      | 286  | (286)  | -   |
| OPCC costs   |      | 908  | (908)  | -   |
| Commissioned Services  |      | 3,327                                      | -  | 3,327   |
| Project Costs  |      | 3,352                                      | (3,352)  | -   |
| Transfer to /from Reserves   |      | (318)                                      | 318  | -   |
| <b>Cost of Police Services</b>                                       |      | <b>22,945</b>                              | <b>(23,190)</b>                                      | <b>(245)</b>  |
| Corporate and Democratic Core  |      | -  | 1,058  | 1,058   |
| Non-Distributed Costs  |      | -  | -  | -   |
| Intragroup funding   |      | 117,238                                    | 29,841   | 147,079   |
| <b>Net Cost of Services</b>  |      | <b>140,183</b>                             | <b>7,709</b>   | <b>147,892</b>  |
| Other Operating Income and Expenditure                               |      | -  | 24,021   | 24,021  |
| Financing and Investment Income and Expenditure                      |      | -  | (98)   | (98)  |
| Taxation and Non-Specific Grant Income                               |      | (140,183)                                  | (24,482)   | (164,665)   |
| <b>(Surplus) or deficit on the Provision of Services</b>             |      | <b>-</b>                                   | <b>7,150</b>   | <b>7,150</b>  |
| Adjustment between accounting and funding arrangements under statute | 1    |  | (4,127)  |   |
| Transfer between reserves and revenue                                | 4    |  | 318  |   |
| Utilisation of reserves to fund capital                              | 20   |  | 10,959   |   |
|  |      |  | <b>7,150</b>   |   |

Details of the main adjustments between the funding and accounting basis are set out in Note 3.

### 3. Supplementary information to the Expenditure and Funding Analysis

This note provides details of the main adjustments to Net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

#### Adjustments for Capital purposes:

This column adds in depreciation and impairment and revaluation gains and losses to the Net Cost of Services, and removes the statutory charges for the financing of capital. It also adjusts:

- \* Other Operating Income for the net book value and disposal proceeds of capital disposals
- \* Financing and Investment Income and Expenditure for movement in the market value of Investment Properties: and
- \* Taxation and Non-Specific Grant Income for capital grants and notional income in relation to donated assets

Many of the entries in this column come from the Capital adjustment Account (See note 5(b))

#### Net change for the Pensions Adjustments:

This column removes employer pension contributions made from the Net Cost of Services and replaces with current and past service costs. It also adds the net Interest on the defined benefit liability to Financing and Investment Income and Expenditure. Most of the entries in this column come from the Pension Reserve (see note 5(c))

#### Other Differences:

This column adjusts Taxation and Non Specific Grant Income for the timing differences between the charge under statutory regulations to council taxpayers and the income recognised in the accounts under generally accepted accounting principles. This difference will be brought forward in future Surplus or Deficits in the Collection Fund.

| Current year - Group                                     | Adjustments<br>for Capital<br>Purposes | Net change<br>for the<br>Pension<br>Adjustments | Other<br>Differences | Total<br>Adjustments |
|--|--|---|----------------------|----------------------|
|  | £'000                                  | £'000   | £'000                | £'000                |
| Targeted Grants  | -                                      | -   | -                    | -                    |
| Other Income   | -                                      | -   | 33                   | 33                   |
| Salary Costs   | -                                      | 18,956  | 657                  | 19,613               |
| Other Non Salary employee costs                          | -                                      | -   | -                    | -                    |
| Police Injury Pension Costs                              | -                                      | -   | -                    | -                    |
| Premises Costs   | -                                      | -   | (11)                 | (11)                 |
| Supplies and Services                                    | -                                      | -   | (35)                 | (35)                 |
| Transport Costs  | -                                      | -   | -                    | -                    |
| Financial Costs  | 11,664                                 | -   | -                    | 11,664               |
| Interest Payments and Leasing Charges                    | -                                      | -   | (6)                  | (6)                  |
| Repayment of loan and lease                              | (189)                                  | -   | -                    | (189)                |
| OPCC costs   | -                                      | -   | (974)                | (974)                |
| Commissioned Services                                    | -                                      | -   | -                    | -                    |
| Project Costs  | -                                      | -   | -                    | -                    |
| Transfer to /from Reserves                               | -                                      | -   | 2,364                | 2,364                |
| <b>Cost of Police Services</b>                           | <b>11,475</b>                          | <b>18,956</b>                                   | <b>2,028</b>         | <b>32,459</b>        |
| Corporate and Democratic Core                            | -                                      | -   | 1,136                | 1,136                |
| Non-Distributed Costs                                    | -                                      | 1,176   | -                    | 1,176                |
| Intragroup funding                                       | -                                      | -   | -                    | -                    |
| <b>Net Cost of Services</b>                              | <b>11,475</b>                          | <b>20,132</b>                                   | <b>3,164</b>         | <b>34,771</b>        |
| Other Operating Income and Expenditure                   | 825                                    | 24,673  | (916)                | 24,582               |
| Financing and Investment Income and Expenditure          | (20)                                   | 43,801  | (15)                 | 43,766               |
| Taxation and Non-Specific Grant Income                   | (431)                                  | (24,673)  | 992                  | (24,112)             |
| <b>(Surplus) or deficit on the Provision of Services</b> | <b>11,849</b>                          | <b>63,933</b>                                   | <b>3,225</b>         | <b>79,007</b>        |

## 3. Supplementary Information to the Expenditure and Funding Analysis

| Current year - PCC                                       | Adjustments<br>for Capital<br>Purposes | Net change<br>for the<br>Pension<br>Adjustments | Other<br>Differences | Total<br>Adjustments |
|--|--|---|----------------------|----------------------|
|  | £'000                                  | £'000   | £'000                | £'000                |
| Targeted Grants  | -                                      | -   | -                    | -                    |
| Other Income   | -                                      | -   | 33                   | 33                   |
| Salary Costs   | -                                      | 1,632   | (6,684)              | (5,052)              |
| Other non Salary employee costs                          | -                                      | -   | (235)                | (235)                |
| Premises Costs   | -                                      | -   | (4,492)              | (4,492)              |
| Supplies and Services                                    | -                                      | -   | (8,276)              | (8,276)              |
| Transport Costs  | -                                      | -   | (821)                | (821)                |
| Financial Costs  | 11,664                                 | -   | (11,987)             | (323)                |
| Interest Payments and Leasing Charges                    | -                                      | -   | (6)                  | (6)                  |
| Repayment of loan and lease                              | (189)                                  | -   | -                    | (189)                |
| OPCC costs   | -                                      | -   | (974)                | (974)                |
| Commissioned Services                                    | -                                      | -   | -                    | -                    |
| Project Costs  | -                                      | -   | (5,049)              | (5,049)              |
| Transfer to /from Reserves                               | -                                      | -   | 2,364                | 2,364                |
| <b>Cost of Police Services</b>                           | <b>11,475</b>                          | <b>1,632</b>                                    | <b>(36,127)</b>      | <b>(23,020)</b>      |
| Corporate and Democratic Core                            | -                                      | -   | 1,136                | 1,136                |
| Non-Distributed Costs                                    | -                                      | 31  | -                    | 31                   |
| Intragroup funding                                       | -                                      | -   | 37,405               | 37,405               |
| <b>Net Cost of Services</b>                              | <b>11,475</b>                          | <b>1,663</b>                                    | <b>2,414</b>         | <b>15,552</b>        |
| Other Operating Income and Expenditure                   | 825                                    | 24,673  | (916)                | 24,582               |
| Financing and Investment Income and Expenditure          | (20)                                   | 87  | (15)                 | 52                   |
| Taxation and Non-Specific Grant Income                   | (431)                                  | (24,673)  | 992                  | (24,112)             |
| <b>(Surplus) or deficit on the Provision of Services</b> | <b>11,849</b>                          | <b>1,750</b>                                    | <b>2,475</b>         | <b>16,074</b>        |



## 3. Supplementary Information to the Expenditure and Funding Analysis

| Previous year - Group                                    | Adjustments<br>for Capital<br>Purposes | Net change<br>for the<br>Pension<br>Adjustments | Other<br>Differences | Total<br>Adjustments |
|--|--|---|----------------------|----------------------|
|  | £'000                                  | £'000   | £'000                | £'000                |
| Targeted Grants  | -                                      | -   | -                    | -                    |
| Other Income   | -                                      | -   | 127                  | 127                  |
| Salary Costs   | -                                      | 7,290   | (480)                | 6,810                |
| Other Non Salary employee costs                          | -                                      | -   | -                    | -                    |
| Premises Costs   | -                                      | -   | (5)                  | (5)                  |
| Supplies and Services                                    | -                                      | -   | (26)                 | (26)                 |
| Transport Costs  | -                                      | -   | -                    | -                    |
| Financial Costs  | 7,100                                  | -   | -                    | 7,100                |
| Interest Payments and Leasing Charges                    | -                                      | -   | (14)                 | (14)                 |
| Repayment of loan and lease                              | (286)                                  | -   | -                    | (286)                |
| OPCC costs   | -                                      | -   | (908)                | (908)                |
| Commissioned Services                                    | -                                      | -   | -                    | -                    |
| Project Costs  | -                                      | -   | -                    | -                    |
| Transfer to /from Reserves                               | -                                      | -   | 318                  | 318                  |
| <b>Cost of Police Services</b>                           | <b>6,814</b>                           | <b>7,290</b>                                    | <b>(988)</b>         | <b>13,116</b>        |
| Corporate and Democratic Core                            | -                                      | -   | 1,058                | 1,058                |
| Non-Distributed Costs                                    | -                                      | 229   | -                    | 229                  |
| Intragroup funding                                       | -                                      | -   | -                    | -                    |
| <b>Net Cost of Services</b>                              | <b>6,814</b>                           | <b>7,519</b>                                    | <b>70</b>            | <b>14,403</b>        |
| Other Operating Income and Expenditure                   | 367                                    | 24,018  | (364)                | 24,021               |
| Financing and Investment Income and Expenditure          | (53)                                   | 47,298  | (108)                | 47,137               |
| Taxation and Non-Specific Grant Income                   | (635)                                  | (24,018)  | 171                  | (24,482)             |
| <b>(Surplus) or deficit on the Provision of Services</b> | <b>6,493</b>                           | <b>54,817</b>                                   | <b>(231)</b>         | <b>61,079</b>        |

## 3. Supplementary Information to the Expenditure Funding Analysis

| Previous year - PCC                                      | Adjustments<br>for Capital<br>Purposes | Net change<br>for the<br>Pension<br>Adjustments | Other<br>Differences | Total<br>Adjustments |
|--|--|---|----------------------|----------------------|
|  | £'000                                  | £'000   | £'000                | £'000                |
| Targeted Grants  | -                                      | -   | -                    | -                    |
| Other Income   | -                                      | -   | 127                  | 127                  |
| Salary Costs   | -                                      | 462   | (6,392)              | (5,930)              |
| Other Non Salary employee costs                          | -                                      | -   | (230)                | (230)                |
| Premises Costs   | -                                      | -   | (4,461)              | (4,461)              |
| Supplies and Services                                    | -                                      | -   | (7,306)              | (7,306)              |
| Transport Costs  | -                                      | -   | (815)                | (815)                |
| Financial Costs  | 7,100                                  | -   | (7,433)              | (333)                |
| Interest Payments and Leasing Charges                    | -                                      | -   | (14)                 | (14)                 |
| Repayment of loan and lease                              | (286)                                  | -   | -                    | (286)                |
| OPCC costs   | -                                      | -   | (908)                | (908)                |
| Commissioned Services                                    | -                                      | -   | -                    | -                    |
| Project Costs  | -                                      | -   | (3,352)              | (3,352)              |
| Transfer to /from Reserves                               | -                                      | -   | 318                  | 318                  |
| <b>Cost of Police Services</b>                           | <b>6,814</b>                           | <b>462</b>                                      | <b>(30,466)</b>      | <b>(23,190)</b>      |
| Corporate and Democratic Core                            | -                                      | -   | 1,058                | 1,058                |
| Non-Distributed Costs                                    | -                                      | -   | -                    | -                    |
| Intragroup funding                                       | -                                      | -   | 29,841               | 29,841               |
| <b>Net Cost of Services</b>                              | <b>6,814</b>                           | <b>462</b>                                      | <b>433</b>           | <b>7,709</b>         |
| Other Operating Income and Expenditure                   | 367                                    | 24,018  | (364)                | 24,021               |
| Financing and Investment Income and Expenditure          | (53)                                   | 63  | (108)                | (98)                 |
| Taxation and Non-Specific Grant Income                   | (635)                                  | (24,018)  | 171                  | (24,482)             |
| <b>(Surplus) or deficit on the Provision of Services</b> | <b>6,493</b>                           | <b>525</b>                                      | <b>132</b>           | <b>7,150</b>         |

## 4. General Fund Reserves

| Current Year - Group and PCC  | At 1 April 2017 | Transfers (to)/from Revenue | Transfers to Finance Capital | Transfers between Reserves | Total Movement on Reserves | At 31 March 2018 |
|-------------------------------|-----------------|-----------------------------|------------------------------|----------------------------|----------------------------|------------------|
|                               | £'000           | £'000                       | £'000                        | £'000                      | £'000                      | £'000            |
| Capital Reserve               | -               | 2,970                       | -                            | (2,970)                    | -                          | -                |
| Estates Strategy Reserve      | -               | -                           | -                            | -                          | -                          | -                |
| Major Capital Reserve         | 2,853           | -                           | -                            | (1,133)                    | (1,133)                    | 1,720            |
| <b>Capital Reserves</b>       | <b>2,853</b>    | <b>2,970</b>                | <b>-</b>                     | <b>(4,103)</b>             | <b>(1,133)</b>             | <b>1,720</b>     |
| General Reserve               | 9,697           | (2,923)                     | -                            | -                          | (2,923)                    | 6,774            |
| Insurance Reserve             | 326             | 130                         | (18)                         | -                          | 112                        | 438              |
| Confiscated Monies Reserves   | 358             | (122)                       | -                            | (5)                        | (127)                      | 231              |
| Revenue CRDP Reserve          | 174             | (4,325)                     | -                            | 4,151                      | (174)                      | -                |
| PCC Community Fund Reserve    | 1,049           | (208)                       | -                            | -                          | (208)                      | 841              |
| Cost of Change Reserve        | 582             | (314)                       | -                            | -                          | (314)                      | 268              |
| Commissioned Services Reserve | 322             | 125                         | -                            | -                          | 125                        | 447              |
| Priority Spending Reserve     | -               | -                           | -                            | -                          | -                          | -                |
| Major Incident Reserve        | 500             | (500)                       | -                            | -                          | (500)                      | -                |
| Governance Reserve            | -               | -                           | -                            | -                          | -                          | -                |
| Revenue Initiatives           | 347             | (120)                       | -                            | (43)                       | (163)                      | 184              |
| <b>Revenue Reserves</b>       | <b>13,355</b>   | <b>(8,257)</b>              | <b>(18)</b>                  | <b>4,103</b>               | <b>(4,172)</b>             | <b>9,183</b>     |
| <b>Total</b>                  | <b>16,208</b>   | <b>(5,287)</b>              | <b>(18)</b>                  | <b>-</b>                   | <b>(5,305)</b>             | <b>10,903</b>    |

| Prior Year - Group and PCC    | At 1 April 2016 | Transfers (to)/from Revenue | Transfers to Finance Capital | Transfers between Revenue Reserves | Total Movement on Reserves | At 31 March 2017 |
|-------------------------------|-----------------|-----------------------------|------------------------------|------------------------------------|----------------------------|------------------|
|                               | £'000           | £'000                       | £'000                        | £'000                              | £'000                      | £'000            |
| Capital Reserve               | -               | 3,452                       | (229)                        | (3,223)                            | -                          | -                |
| Estates Strategy Reserve      | 1,741           | -                           | (1,741)                      | -                                  | (1,741)                    | -                |
| Major Capital Reserve         | 11,808          | -                           | (8,955)                      | -                                  | (8,955)                    | 2,853            |
| <b>Capital Reserves</b>       | <b>13,549</b>   | <b>3,452</b>                | <b>(10,925)</b>              | <b>(3,223)</b>                     | <b>(10,696)</b>            | <b>2,853</b>     |
| General Reserve               | 9,697           | -                           | -                            | -                                  | -                          | 9,697            |
| Insurance Reserve             | 519             | (159)                       | (34)                         | -                                  | (193)                      | 326              |
| Confiscated Monies Reserves   | 260             | 98                          | -                            | -                                  | 98                         | 358              |
| Revenue CRDP Reserve          | -               | (3,174)                     | -                            | 3,348                              | 174                        | 174              |
| PCC Community Fund Reserve    | 662             | (201)                       | -                            | 588                                | 387                        | 1,049            |
| Cost of Change Reserve        | 796             | (214)                       | -                            | -                                  | (214)                      | 582              |
| Commissioned Services Reserve | 95              | -                           | -                            | 227                                | 227                        | 322              |
| Priority Spending Reserve     | -               | -                           | -                            | -                                  | -                          | -                |
| Major Incident Reserve        | 500             | -                           | -                            | -                                  | -                          | 500              |
| Governance Reserve            | 559             | -                           | -                            | (559)                              | (559)                      | -                |
| Revenue Initiatives           | 848             | (120)                       | -                            | (381)                              | (501)                      | 347              |
| <b>Revenue Reserves</b>       | <b>13,936</b>   | <b>(3,770)</b>              | <b>(34)</b>                  | <b>3,223</b>                       | <b>(581)</b>               | <b>13,355</b>    |
| <b>Total (restated)</b>       | <b>27,485</b>   | <b>(318)</b>                | <b>(10,959)</b>              | <b>-</b>                           | <b>(11,277)</b>            | <b>16,208</b>    |

**5. Unusable Reserves**

| <b>Group</b>                       |             | <b>31 March 2018</b> | <b>31 March 2017</b> |
|------------------------------------|-------------|----------------------|----------------------|
|                                    | <b>Note</b> | <b>£'000</b>         | <b>£'000</b>         |
| Revaluation Reserve                | 5a          | 1,286                | 1,608                |
| Capital Adjustment Account         | 5b          | 36,314               | 47,963               |
| Pensions Reserve                   | 5c          | (1,671,391)          | (1,661,548)          |
| Collection Fund Adjustment Account | 5d          | 697                  | 1,689                |
| Accumulated Absences Account       | 5e          | (2,074)              | (1,290)              |
| <b>Total Unusable Reserves</b>     |             | <b>(1,635,168)</b>   | <b>(1,611,578)</b>   |

| <b>PCC</b>                         |             | <b>31 March 2018</b> | <b>31 March 2017</b> |
|------------------------------------|-------------|----------------------|----------------------|
|                                    | <b>Note</b> | <b>£'000</b>         | <b>£'000</b>         |
| Revaluation Reserve                | 5a          | 1,286                | 1,608                |
| Capital Adjustment Account         | 5b          | 36,314               | 47,963               |
| Pension Reserve                    | 5c          | (3,083)              | (3,482)              |
| Collection Fund Adjustment Account | 5d          | 697                  | 1,689                |
| Accumulated Absences Account       | 5e          | (185)                | (151)                |
| <b>Total Unusable Reserves</b>     |             | <b>35,029</b>        | <b>47,627</b>        |

**5 (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.

| <b>Group and PCC</b>  |             | <b>2017/18</b> | <b>2016/17</b> |
|---|-------------|----------------|----------------|
|   | <b>Note</b> | <b>£'000</b>   | <b>£'000</b>   |
| <b>Balance at 1 April</b>   |             | <b>1,608</b>   | <b>3,406</b>   |
| Surplus or (deficit) on revaluation of non-current assets not posted to Surplus or Deficit on the Provision of Services | 20c         | (140)          | (1,667)        |
| Difference between fair value and historical cost depreciation  | 5b          | (44)           | (70)           |
| Accumulated gains on assets sold or scrapped  | 5b          | (138)          | (61)           |
| <b>Balance at 31 March</b>  |             | <b>1,286</b>   | <b>1,608</b>   |

**5 (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.

**Capital Adjustment Account**

| Group and PCC  | Note | 2017/18<br>£'000 | 2016/17<br>£'000 |
|--|------|------------------|------------------|
| <b>Balance at 1 April</b>  |      | <b>47,963</b>    | <b>43,365</b>    |
| <b>Adjustments to CIES for Capital Purposes:</b>   |      |                  |                  |
| <b>Adjustments to Net Cost of Services:</b>  |      |                  |                  |
| * Charges for depreciation of non-current assets   | 16   | (5,296)          | (4,691)          |
| * Charges for amortisation of intangible assets  |      | (962)            | (746)            |
| * Revaluation adjustments on Property, Plant and Equipment   | 20c  | (5,406)          | (1,663)          |
|  |      | <b>(11,664)</b>  | <b>(7,100)</b>   |
| <b>Adjustments to CIES Other Income and Expenditure:</b>   |      |                  |                  |
| <b>Other operating expenditure</b>   |      |                  |                  |
| * Movements in the market value of Assets Held for Sale  | 19   | -                | -                |
| * Amounts of assets held for sale written off on disposal or sale as part of the gain/loss on disposal                             | 9    | (780)            | (320)            |
| * Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal                               | 9    | (45)             | (47)             |
|  |      | <b>(825)</b>     | <b>(367)</b>     |
| <b>Financing and Investment Income and Expenditure</b>   |      |                  |                  |
| * Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement | 20c  | 20               | 53               |
| <b>Taxation and Non Specific Grant Income</b>  |      |                  |                  |
| * Capital grants and contributions that have been applied to capital financing   | 1    | 431              | 635              |
| * Donations income credited to I&E   |      | -                | -                |
|  |      | <b>431</b>       | <b>635</b>       |
| <b>Total adjustment for Capital Purposes</b>   |      | <b>(12,038)</b>  | <b>(6,779)</b>   |
| <b>Other movements in the Capital Adjustment Account</b>   |      |                  |                  |
| Statutory provision for the repayment of debt  |      | 189              | 286              |
| Adjusting amounts written out of the Revaluation Reserve   | 5a   | 182              | 131              |
| Use of the Capital Receipts Reserve to finance new capital expenditure   | 1    | -                | -                |
| Capital expenditure charged against the General Fund   | 1    | 18               | 10,960           |
| <b>Total other movements</b>   |      | <b>389</b>       | <b>11,377</b>    |
| <b>Balance at 31 March</b>   |      | <b>36,314</b>    | <b>47,963</b>    |

**5 (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  | 2017/18<br>£'000   | 2016/17<br>£'000   |
|--|--------------------|--------------------|
| <b>Balance at 1 April</b>  | <b>(1,661,548)</b> | <b>(1,344,335)</b> |
| Remeasurements of pension assets and liabilities   | 54,090             | (262,396)          |
| 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 | (81,455)           | (72,738)           |
| Employer's pension contributions and direct payments to pensioners payable in the year   | 17,522             | 17,921             |
| <b>Balance at 31 March</b>   | <b>(1,671,391)</b> | <b>(1,661,548)</b> |

| PCC  | 2017/18<br>£'000 | 2016/17<br>£'000 |
|--|------------------|------------------|
| <b>Balance at 1 April</b>  | <b>(3,482)</b>   | <b>(2,154)</b>   |
| Remeasurements of pension assets and liabilities   | 2,149            | (803)            |
| 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 | (2,040)          | (1,186)          |
| Employer's pension contributions and direct payments to pensioners payable in the year   | 290              | 661              |
| <b>Balance at 31 March</b>   | <b>(3,083)</b>   | <b>(3,482)</b>   |

#### 5 (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  | 2017/18<br>£'000 | 2016/17<br>£'000 |
|--|------------------|------------------|
| <b>Balance at 1 April</b>  | <b>1,689</b>     | <b>1,859</b>     |
| 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 | (992)            | (170)            |
| <b>Balance at 31 March</b>   | <b>697</b>       | <b>1,689</b>     |

#### 5 (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  | 2017/18        | 2016/17        |
|--|----------------|----------------|
| <b>Balance at 1 April</b>  | <b>(1,290)</b> | <b>(1,644)</b> |
| Settlement or cancellation of accrual made at the end of the preceding year  | 1,290          | 1,644          |
| Amounts accrued at the end of the current year   | (2,074)        | (1,290)        |
| 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 | (784)          | 354            |
| <b>Balance at 31 March</b>   | <b>(2,074)</b> | <b>(1,290)</b> |

| PCC  | 2017/18<br>£'000 | 2016/17<br>£'000 |
|--|------------------|------------------|
| <b>Balance at 1 April</b>  | <b>(151)</b>     | <b>(142)</b>     |
| Settlement or cancellation of accrual made at the end of the preceding year  | 151              | 142              |
| Amounts accrued at the end of the current year   | (185)            | (151)            |
| 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 | (34)             | (9)              |
| <b>Balance at 31 March</b>   | <b>(185)</b>     | <b>(151)</b>     |

## 6. 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 2017/18 were £259k (PCC £238k) (2016/17 £245k, PCC £223k).

The Group uses certain other equipment financed under an operating lease. The amount paid in 2017/18 was £305k (PCC £305k) (2016/17 £227k, PCC £227k).

### Commitments under Operating Leases

At the balance sheet date the Group was committed to making total payments of £1.073m (PCC £1.051m) (2016/17 £1.246m, PCC £1.224m) under operating leases:

|                      |                            | Not later than<br>one year | Later than one<br>year and not<br>later than five<br>years | Later than<br>five years | Total<br>commitments |
|----------------------|----------------------------|----------------------------|--|--------------------------|----------------------|
|                      |                            | £'000                      | £'000  | £'000                    | £'000                |
| <b>Group</b>         |                            |                            |  |                          |                      |
| <b>31 March 2018</b> | <b>Land and Buildings</b>  | 218                        | 312  | 450                      | <b>980</b>           |
|                      | <b>Plant and Equipment</b> | 254                        | -  | -                        | <b>254</b>           |
|                      | <b>Total</b>               | <b>472</b>                 | <b>312</b>   | <b>450</b>               | <b>1,234</b>         |
| <b>PCC</b>           |                            |                            |  |                          |                      |
| <b>31 March 2018</b> | <b>Land and Buildings</b>  | 196                        | 312  | 450                      | <b>958</b>           |
|                      | <b>Plant and Equipment</b> | 254                        | -  | -                        | <b>254</b>           |
|                      | <b>Total</b>               | <b>450</b>                 | <b>312</b>   | <b>450</b>               | <b>1,212</b>         |

|                      |                            | Not later than<br>one year | Later than one<br>year and not<br>later than five<br>years | Later than<br>five years | Total<br>commitments |
|----------------------|----------------------------|----------------------------|--|--------------------------|----------------------|
|                      |                            |                            |  |                          |                      |
| <b>Group</b>         |                            |                            |  |                          |                      |
| <b>31 March 2017</b> | <b>Land and Building</b>   | 227                        | 260  | 453                      | <b>940</b>           |
|                      | <b>Plant and Equipment</b> | 267                        | 39   | -                        | <b>306</b>           |
|                      | <b>Total</b>               | <b>494</b>                 | <b>299</b>   | <b>453</b>               | <b>1,246</b>         |
| <b>PCC</b>           |                            |                            |  |                          |                      |
| <b>31 March 2017</b> | <b>Land and Building</b>   | 205                        | 260  | 453                      | <b>918</b>           |
|                      | <b>Plant and Equipment</b> | 267                        | 39   | -                        | <b>306</b>           |
|                      | <b>Total</b>               | <b>472</b>                 | <b>299</b>   | <b>453</b>               | <b>1,224</b>         |

### 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.

## 7. Intragroup Funding

| PCC | 2017/18<br>£'000 | 2016/17<br>£'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 | 11,664        | 7,100         |
| - interest charge on finance leases   | 162           | 84            |
| - charges to CCNY for Corporate Support Services                            | 25,599        | 22,675        |
| <b>Recharges deducted in Cost of Police Services</b>                        | <b>37,425</b> | <b>29,859</b> |

## Charges from CCNY to the PCC

*Charged to Cost of Police Services*

|   |    |    |
|---|----|----|
| - amounts to be transferred to reserves | -  | -  |
| - Democratic Core costs                 | 18 | 18 |

*Charged to Net Cost of Services*

|  |                |                |
|--|----------------|----------------|
| - gross expenditure on policing services | 158,668        | 147,079        |
|  | <b>158,686</b> | <b>147,097</b> |

## 8. Other Operating Income and Expenditure

| Group and PCC   | 2017/18<br>£'000 | 2016/17<br>£'000 |
|---|------------------|------------------|
| Police Pension Top-up Grant paid to Pension Scheme              | 24,673           | 24,018           |
| Gains and losses on the disposal of non-current assets (Note 9) | (91)             | 3                |
| Movement in fair value of Assets Held for Sale                  | -                | -                |
| <b>Total</b>  | <b>24,582</b>    | <b>24,021</b>    |

## 9. 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                 | 2017/18<br>Net Book<br>Value<br>£'000 | 2017/18<br>Proceeds<br>£'000 | 2017/18<br>Total<br>£'000 | 2016/17<br>Net Book<br>Value<br>£'000 | 2016/17<br>Proceeds<br>£'000 | 2016/17<br>Total<br>£'000 |
|-------------------------------|---------------------------------------|------------------------------|---------------------------|---------------------------------------|------------------------------|---------------------------|
| (Gain) / loss on:             |                                       |                              |                           |                                       |                              |                           |
| Property, Plant and Equipment | 44                                    | (135)                        | (91)                      | 47                                    | (44)                         | 3                         |
| Assets Held for Sale          | 780                                   | (780)                        | -                         | 320                                   | (320)                        | -                         |
| <b>Total</b>                  | <b>824</b>                            | <b>(915)</b>                 | <b>(91)</b>               | <b>367</b>                            | <b>(364)</b>                 | <b>3</b>                  |



**10 (a) Financing and Investment Income and Expenditure**

| Group   | 2017/18<br>Expenditure<br>£'000 | 2017/18<br>Income<br>£'000 | 2017/18<br>Total<br>£'000 | 2016/17<br>Expenditure<br>£'000 | 2016/17<br>Income<br>£'000 | 2016/17<br>Total<br>£'000 |
|---|---------------------------------|----------------------------|---------------------------|---------------------------------|----------------------------|---------------------------|
| Interest payable:   |                                 |                            |                           |                                 |                            |                           |
| <i>On bank account</i>  | 3                               | -                          | 3                         | 2                               | -                          | 2                         |
| <i>On other loan</i>  | -                               | -                          | -                         | -                               | -                          | -                         |
| Leasing Charges   | 4                               |                            | 4                         | 12                              |                            | 12                        |
| Net Pensions interest cost (Note 28)                                      | 43,801                          | -                          | 43,801                    | 47,298                          | -                          | 47,298                    |
| Interest income from cash and cash equivalents and short-term investments | -                               | (34)                       | (34)                      | -                               | (117)                      | (117)                     |
| Amounts in relation to Investment Properties:                             |                                 |                            |                           |                                 |                            |                           |
| <i>Net rental expenditure (note 10b)</i>                                  | 11                              | 1                          | 12                        | 5                               | (10)                       | (5)                       |
| <i>Movement in fair value (Note 20c)</i>                                  | -                               | (20)                       | (20)                      | -                               | (53)                       | (53)                      |
| <b>Total</b>  | <b>43,819</b>                   | <b>(53)</b>                | <b>43,766</b>             | <b>47,317</b>                   | <b>(180)</b>               | <b>47,137</b>             |

| PCC   | 2017/18<br>Expenditure<br>£'000 | 2017/18<br>Income<br>£'000 | 2017/18<br>Total<br>£'000 | 2016/17<br>Expenditure<br>£'000 | 2016/17<br>Income<br>£'000 | 2016/17<br>Total<br>£'000 |
|---|---------------------------------|----------------------------|---------------------------|---------------------------------|----------------------------|---------------------------|
| Interest payable:   |                                 |                            |                           |                                 |                            |                           |
| <i>On bank account</i>  | 3                               | -                          | 3                         | 2                               | -                          | 2                         |
| <i>On other loan</i>  | -                               | -                          | -                         | -                               | -                          | -                         |
| Leasing Charges   | 4                               | -                          | 4                         | 12                              | -                          | 12                        |
| Net Pensions interest cost (note 28)                                      | 87                              | -                          | 87                        | 63                              | -                          | 63                        |
| Interest income from cash and cash equivalents and short-term investments | -                               | (34)                       | (34)                      | -                               | (117)                      | (117)                     |
| Amounts in relation to Investment Properties:                             |                                 |                            |                           |                                 |                            |                           |
| <i>Net rental expenditure (Note 10b)</i>                                  | 11                              | 1                          | 12                        | 5                               | (10)                       | (5)                       |
| <i>Movement in fair value (Note 20c)</i>                                  | -                               | (20)                       | (20)                      | -                               | (53)                       | (53)                      |
| <b>Total</b>  | <b>105</b>                      | <b>(53)</b>                | <b>52</b>                 | <b>82</b>                       | <b>(180)</b>               | <b>(98)</b>               |

**10 (b) Investment Property Rentals**

Gross and net rental income from Investment Properties

| Group and PCC  | 2017/18<br>£'000 | 2016/17<br>£'000 |
|--|------------------|------------------|
| <b>Properties let to tenants under operating leases:</b> |                  |                  |
| Gross rent receivable                                    | 4                | 10               |
| Property operating expenses                              | (4)              | (5)              |
|  | -                | 5                |
| <b>Properties not let by tenants:</b>                    |                  |                  |
| Net Property operating expenses                          | (12)             | -                |
| <b>Net rental expenditure</b>                            | <b>(12)</b>      | <b>5</b>         |

**11. Taxation and Non-Specific Grant Income**

| <b>Group and PCC</b>  |             | <b>2017/18</b> | <b>2016/17</b> |
|---|-------------|----------------|----------------|
|   | <b>Note</b> | <b>£'000</b>   | <b>£'000</b>   |
| Precept Income  | 12          | 65,038         | 63,391         |
| Home Office grant payable towards the cost of retirement benefits |             | 24,673         | 24,018         |
| Non-Ringfenced Government Grants:                                 |             |                |                |
| - Police Grant (inc DCLG Formula Funding)                         |             | 67,762         | 68,723         |
| - Legacy Council Tax Grants                                       |             | 7,897          | 7,898          |
| Capital Grants and contributions                                  |             | 431            | 635            |
| Donation Income   |             | -              | -              |
| <b>Total</b>  |             | <b>165,801</b> | <b>164,665</b> |

**12. 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 £221.32 in 2017/18 (2016/17 - £217), which was an increase of 1.99%.

| <b>Group and PCC</b>                         |             | <b>2017/18</b> | <b>2016/17</b> |
|--|-------------|----------------|----------------|
|  | <b>Note</b> | <b>£'000</b>   | <b>£'000</b>   |
| Precept set by Police and Crime Commissioner |             | 65,037         | 62,591         |
| Collection Fund surplus received             |             | 993            | 971            |
|  |             | <b>66,030</b>  | <b>63,562</b>  |
| Adjustment of surplus to accruals basis      | 5d          | (992)          | (171)          |
| <b>Total</b>                                 |             | <b>65,038</b>  | <b>63,391</b>  |

The constituent Councils' contributions were as follows:

| <b>Group and PCC</b> | <b>2017/18</b> | <b>2016/17</b> |
|----------------------|----------------|----------------|
|                      | <b>£'000</b>   | <b>£'000</b>   |
| Craven               | 4,989          | 4,810          |
| Hambleton            | 7,899          | 7,629          |
| Harrogate            | 13,691         | 13,223         |
| Richmondshire        | 4,374          | 4,153          |
| Ryedale              | 4,753          | 4,613          |
| Scarborough          | 8,586          | 8,227          |
| Selby                | 6,847          | 6,678          |
| York                 | 14,891         | 14,229         |
| <b>Total</b>         | <b>66,030</b>  | <b>63,562</b>  |

### 13. Remuneration Report

#### 13 (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  
Deputy 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.

|                                  | 2017/18<br>Group<br>£'000 | 2017/18<br>PCC<br>£'000 | 2016/2017<br>Group<br>£'000 | 2016/17<br>PCC<br>£'000 |
|----------------------------------|---------------------------|-------------------------|-----------------------------|-------------------------|
| Salaries and short-term benefits | 817                       | 228                     | 914                         | 189                     |
| Post-employment benefits         | 93                        | 6                       | 147                         | 15                      |
| <b>Total</b>                     | <b>910</b>                | <b>234</b>              | <b>1,061</b>                | <b>204</b>              |

#### 13 (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.

### 13 (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**

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 Group makes pension contributions on behalf of Senior Officers and Staff who are members of pension schemes. Employer contributions are at the same rates for all members of the schemes, irrespective of rank or salary, and are determined by the Actuaries. During 2017/18 the rates were 24.2% for the Police Pension Schemes (2016/17 24.2%) .

The Actuaries confirmed the rates for the Chief Constable as 11.3% and 3.9% for the PCC local Government Pension Schemes (2016/17 11.3% and 3.9%)

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 Schemes. During 2017/18 all senior officers who elected to join were members of the Police Pension Scheme 1987. Some senior officers were not members of the scheme during 2017/18.

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 15.05% of pensionable salary. (See Police Pension Fund Account and Note 28 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 2017/18 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 28 to the accounts for further information on the Local Government Pension Scheme).

**13 (d) A summary of Senior Officer Remuneration for the year ended 31 March 2018 is presented below:**

|   | Salary     | Benefits in kind | Allowance | Value of employers pension contribution | Termination Benefits | Total      |
|---|------------|------------------|-----------|---|----------------------|------------|
|   | £'000      | £'000            | £'000     | £'000                                   | £'000                | £'000      |
| <b>PCC and Group</b>                        |            |                  |           |   |                      |            |
| <b>Police and Crime Commissioner:</b>       |            |                  |           |   |                      |            |
| J Mulligan                                  | 70         | -                | -         | -                                       | -                    | 70         |
| <b>Deputy Police and Crime Commissioner</b> |            |                  |           |   |                      |            |
| W Naylor                                    | 45         | -                | -         | 2                                       | -                    | 47         |
| <b>Chief Executive Officer:</b>             |            |                  |           |   |                      |            |
| J Carter (2) to (28/2/2018)                 | 104        | -                | 9         | 4                                       | -                    | 117        |
| <b>Group only</b>                           |            |                  |           |   |                      |            |
| <b>Chief Constable:</b>                     |            |                  |           |   |                      |            |
| D Jones (1)                                 | 139        | 4                | 8         | -                                       | -                    | 151        |
| <b>Deputy Chief Constable:</b>              |            |                  |           |   |                      |            |
| T Madgwick (to 28/4/2018)                   | 9          | -                | -         | 2                                       | -                    | 11         |
| L Winward                                   | 115        | 4                | 3         | 28                                      | -                    | 150        |
| <b>Assistant Chief Constable:</b>           |            |                  |           |   |                      |            |
| A Oliver (1)                                | 99         | 5                | 3         | 24                                      | -                    | 131        |
| <b>Temporary Assistant Chief Constable:</b> |            |                  |           |   |                      |            |
| P Cain (1)                                  | 97         | 1                | -         | 19                                      | -                    | 117        |
| R Anderson (1)                              | 16         | -                | -         | 4                                       | -                    | 20         |
| <b>Chief Constable's CFO*:</b>              |            |                  |           |   |                      |            |
| J Palmer                                    | 86         | -                | -         | 10                                      | -                    | 96         |
| <b>Total</b>                                | <b>780</b> | <b>14</b>        | <b>23</b> | <b>93</b>                               | <b>-</b>             | <b>910</b> |

\* CFO - Chief Finance Officer.

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

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

The Commissioner's Chief Finance Officer is M Porter. This function is discharged via Cleveland Police and Crime Commissioner (CPCC) and the CFO's remuneration is reflected in CPCC's accounts. During 2017/18 £52k (2016/17 £50k) was incurred in respect of this contract.

The Acting Chief Executive Officer is F.Sampson. This function is discharged via West Yorkshire Police and Crime Commissioner (WYPCC) and the Acting CEO's remuneration is reflected in WYPCC's accounts.

During 2017/18 £145k (2016/17 £103k) was incurred in respect of this contract.

A summary of Senior Officer Remuneration for the year ended 31 March 2017 is presented below:

|                                      | Salary     | Benefits in kind | Allowance | Value of employers pension contribution | Termination Benefits | Total        |
|--------------------------------------|------------|------------------|-----------|---|----------------------|--------------|
|                                      | £'000      | £'000            | £'000     | £'000                                   | £'000                | £'000        |
| <b>PCC and Group</b>                 |            |                  |           |   |                      |              |
| Police and Crime Commissioner:       |            |                  |           |   |                      |              |
| J Mulligan                           | 70         | -                | -         | -                                       | -                    | 70           |
| Deputy Police and Crime Commissioner |            |                  |           |   |                      |              |
| W Naylor                             | 16         | -                | -         | 2                                       | -                    | 18           |
| (wef Nov 2016)                       |            |                  |           |   |                      |              |
| Chief Executive Officer:             |            |                  |           |   |                      |              |
| J Carter (2)                         | 93         | -                | 10        | 13                                      | -                    | 116          |
| <b>Group only</b>                    |            |                  |           |   |                      |              |
| Chief Constable:                     |            |                  |           |   |                      |              |
| D Jones (1)                          | 138        | 3                | 8         | 14                                      | -                    | 163          |
| T Madgwick                           | 27         | 1                | 1         | 6                                       | -                    | 35           |
| (Acting May-July 2016)               |            |                  |           |   |                      |              |
| Deputy Chief Constable:              |            |                  |           |   |                      |              |
| T Madgwick (1)                       | 90         | 2                | 3         | 22                                      | -                    | 117          |
| P Kennedy (1)                        | 66         | 3                | 2         | 16                                      | -                    | 87           |
| (Acting May-Dec 2016)                |            |                  |           |   |                      |              |
| L Winward                            | 14         | -                | -         | 3                                       | -                    | 17           |
| (wef Feb 2017)                       |            |                  |           |   |                      |              |
| Assistant Chief Constable:           |            |                  |           |   |                      |              |
| K McIntosh                           | 56         | 1                | 1         | 11                                      | -                    | 69           |
| (Sep 2016)                           |            |                  |           |   |                      |              |
| P Kennedy (1)                        | 35         | 2                | 1         | 9                                       | -                    | 47           |
| L Winward (1)                        | 77         | 2                | 2         | 19                                      | -                    | 100          |
| (May 2016-Feb 2017)                  |            |                  |           |   |                      |              |
| A Oliver (1)                         | 89         | 3                | 2         | 19                                      | -                    | 113          |
| (wef Feb 2016)                       |            |                  |           |   |                      |              |
| P Cain (1)                           | 11         | -                | -         | 3                                       | -                    | 14           |
| (wef Feb 2016)                       |            |                  |           |   |                      |              |
| Chief Constable's CFO*:              |            |                  |           |   |                      |              |
| J Palmer                             | 85         | -                | -         | 10                                      | -                    | 95           |
| <b>Total</b>                         | <b>867</b> | <b>17</b>        | <b>30</b> | <b>147</b>                              | <b>-</b>             | <b>1,061</b> |

\* 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 Cleveland Police and Crime Commissioner (CPCC) and the CFO's remuneration is reflected in CPCC's accounts.

The Acting Chief Executive Officer from 1st April 2016 to 31st July 2016 was S Dennis. This function was discharged via Cleveland Police and Crime Commissioner (CPCC) and the Acting CEO's remuneration is reflected in CPCC's accounts. From 1st August 2016 the Acting CEO is F.Sampson. This function is discharged via West Yorkshire Police and Crime Commissioner (WYPCC) and the Acting CEO's remuneration is reflected in WYPCC's accounts.

### 13 (e) Officers and Staff

A breakdown of the number of persons of each gender was as follows:

|                 | 2017/18 Group<br>As at 31 March |              | 2017/18 PCC<br>As at 31 March |            | 2016/17 Group<br>As at 31 March |              | 2016/17 PCC<br>As at 31 March |           |
|-----------------|---------------------------------|--------------|-------------------------------|------------|---------------------------------|--------------|-------------------------------|-----------|
|                 | Male                            | Female       | Male                          | Female     | Male                            | Female       | Male                          | Female    |
| Senior Officers | 4                               | 5            | 1                             | 2          | 4                               | 5            | 1                             | 2         |
| Other employees | 1,498                           | 1,305        | 124                           | 104        | 1,469                           | 1,245        | 114                           | 93        |
|                 | <b>1,502</b>                    | <b>1,310</b> | <b>125</b>                    | <b>106</b> | <b>1,473</b>                    | <b>1,250</b> | <b>115</b>                    | <b>95</b> |

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 191 police officers (2016/17 165) below the rank of Chief Superintendent.

| Total remuneration | 2017/18<br>Group | 2017/18<br>PCC | 2016/17<br>Group | 2016/17<br>PCC |
|--------------------|------------------|----------------|------------------|----------------|
| £50,000 to £54,999 | 116              | 2              | 105              | 2              |
| £55,000 to £59,999 | 54               | 1              | 40               | -              |
| £60,000 to £64,999 | 10               | 1              | 9                | 2              |
| £65,000 to £69,999 | 4                | 1              | 8                | 1              |
| £70,000 to £74,999 | 10               | 3              | 9                | 3              |
| £75,000 to £79,999 | 7                | 1              | 3                | -              |
| £80,000 to £84,999 | 2                | -              | -                | -              |
| £85,000 to £89,999 | 2                | -              | 3                | -              |
| <b>Total</b>       | <b>205</b>       | <b>9</b>       | <b>177</b>       | <b>8</b>       |

**13 (f) Termination Benefits**

The Group terminated the contracts of a number of employees in 2017/18, incurring liabilities of £54k (PCC £18k) (£322k in 2016/17, PCC £40k) 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 |            |
|-------------------|-----------------------------------|----------|----------------------------|-----------|--|-----------|--|------------|
|                   | 2017/18                           | 2016/17  | 2017/18                    | 2016/17   | 2017/18                                    | 2016/17   | 2017/18                                  | 2016/17    |
|                   |                                   |          |                            |           |  |           | £'000                                    | £'000      |
| £0 - £20,000      | -                                 | -        | 5                          | 7         | 5  | 7         | 54                                       | 64         |
| £20,001 - £40,000 | -                                 | -        | -                          | 4         | -  | 4         | -  | 114        |
| £40,001 - £60,000 | -                                 | -        | -                          | 3         | -  | 3         | -  | 144        |
| <b>Total</b>      | <b>-</b>                          | <b>-</b> | <b>5</b>                   | <b>14</b> | <b>5</b>                                   | <b>14</b> | <b>54</b>                                | <b>322</b> |

| PCC               | Number of Compulsory Redundancies |          | Number of Other departures |          | Total number of exit packages by cost band |          | Total cost of exit packages in each band |           |
|-------------------|-----------------------------------|----------|----------------------------|----------|--|----------|--|-----------|
|                   | 2017/18                           | 2016/17  | 2017/18                    | 2016/17  | 2017/18                                    | 2016/17  | 2017/18                                  | 2016/17   |
|                   |                                   |          |                            |          |  |          | £'000                                    | £'000     |
| £0 - £20,000      | -                                 | -        | 1                          | -        | 1  | -        | 18                                       | -         |
| £20,001 - £40,000 | -                                 | -        | -                          | 1        | -  | 1        | -  | 40        |
| <b>Total</b>      | <b>-</b>                          | <b>-</b> | <b>1</b>                   | <b>1</b> | <b>1</b>                                   | <b>1</b> | <b>18</b>                                | <b>40</b> |

**14. Other Amounts Credited/Charged to the Comprehensive Income and Expenditure Statement****14 (a) Movement in Provisions**

The movement in provisions is detailed in Note 27.

**14 (b) Inventories Expensed during the Period**

|   | 2017/18<br>Group<br>£'000 | 2017/18<br>PCC<br>£'000 | 2016/17<br>Group<br>£'000 | 2016/17<br>PCC<br>£'000 |
|---|---------------------------|-------------------------|---------------------------|-------------------------|
| Uniforms/other items  | 390                       | 46                      | 318                       | (11)                    |
| Garage  | 288                       | 288                     | 350                       | 350                     |
| Write-down of inventories recognised  | (3)                       | -                       | 1                         | 1                       |
| <b>Total inventory charges recognised in the Comprehensive Income &amp; Expenditure Statement</b> | <b>675</b>                | <b>334</b>              | <b>669</b>                | <b>340</b>              |

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



**14 (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 (2017/18 limit £1.4m). During the year £20k (PCC £nil) (2016/17 £36k, 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. £9k (PCC £nil) (2016/17 £19k, PCC £nil) has been carried forward into 2018/19.

**14 (d) Police and Crime Commissioner Costs**

Costs of the Police and Crime Commissioner were:

| <b>Group and PCC</b>                               | <b>2017/18</b> | <b>2016/17</b> |
|--|----------------|----------------|
|  | <b>£'000</b>   | <b>£'000</b>   |
| PCC and Deputy PCC (including Ers NI and expenses) | 154            | 113            |
| Statutory Officers                                 | 336            | 284            |
| Panel Costs / Members Costs                        | 2              | -              |
| Support : Employees Costs                          | 283            | 244            |
| Support : Other Costs                              | 52             | 74             |
| External Audit Fees                                | 32             | 34             |
| Internal Audit Fees                                | 34             | 34             |
| Subscriptions                                      | 26             | 27             |
| Community Engagement                               | 46             | 90             |
| Other  | 9              | 8              |
| <b>Total Expenditure</b>                           | <b>974</b>     | <b>908</b>     |

**14 (e) Audit Fees**

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

|  | <b>2017/18</b> | <b>2017/18</b> | <b>2016/17</b> | <b>2016/17</b> |
|--|----------------|----------------|----------------|----------------|
|  | <b>Group</b>   | <b>PCC</b>     | <b>Group</b>   | <b>PCC</b>     |
|  | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   |
| External Audit Fees                        | 47             | 32             | 47             | 32             |
| Adjustment for the Audit Commission rebate | -              | -              | 3              | 2              |
| Legal advice                               | -              | -              | -              | -              |
| <b>Total</b>                               | <b>47</b>      | <b>32</b>      | <b>50</b>      | <b>34</b>      |

**14 (f) Grant Income**

In addition to the grants included in Taxation and Non-Specific Grants Income (Note 11), the Group credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2017/18:

| <b>Group and PCC</b>                              | <b>2017/18<br/>£'000</b> | <b>2016/17<br/>£'000</b> |
|---|--------------------------|--------------------------|
| <b>Credited to Services</b>                       |                          |                          |
| Counter-Terrorism                                 | 844                      | 822                      |
| Criminal Records Bureau                           | 505                      | 459                      |
| Domestic Violence Coordinators                    | 63                       | 63                       |
| Commissioning of Victim Support Services          | 883                      | 887                      |
| Independent Domestic and Sexual Violence Advisors | 50                       | 90                       |
| Economic Crime Unit                               | 311                      | 173                      |
| Police Innovation Fund                            | 19                       | 48                       |
| SARC  | -                        | 37                       |
| No Wrong Door                                     | -                        | 29                       |
| Alcohol Abstinence                                | 92                       | 167                      |
| Child Sexual Assault Services                     | 66                       | 66                       |
| Police Transformation Fund                        | 772                      | 140                      |
| Violence against women and girls                  | 342                      | 118                      |
| Police Knowledge Fund                             | 23                       | 33                       |
| Direct Entry superintendents                      | 102                      | 97                       |
| Sundry Grants £30k or less                        | 77                       | 80                       |
| <b>Total Credited to Services</b>                 | <b>4,149</b>             | <b>3,309</b>             |

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 2018 current liabilities include £173k (PCC £173k) (2016/17 £57k, PCC £57k) in respect of Revenue Grants received in advance and £808k (PCC £808k) in respect of Capital Grants received in advance (2016/17 £808k, PCC £808k).

**15. Partnership Arrangements****15 (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 2017/18 the Group received additional funding £nil (PCC £nil) (2016/17 £4k, PCC £4k) from the Office for Criminal Justice Reform on behalf of the LCJB. Group expenditure of £30k (PCC £nil) (2016/17 £26k, PCC £nil) has been incurred in 2017/18 and included in these accounts.

## 15 (b) Regional Collaboration

Regional Collaboration brings 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 2017/18 with the other YATH forces (South Yorkshire, West Yorkshire and Humberside). Collaborative activity includes Specialist Crime Services, Forensic Services, Underwater Search and Procurement Services. The Regional Collaboration Board for the YATH Collaboration comprises the four Police and Crime Commissioners plus 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 employs police staff on a permanent, substantive basis and Police Officers are 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 2017/18 in relation to the Yorkshire and the Humber regional collaboration work was £4.5m (PCC £nil) (2016/17 £4.04m, PCC £nil).

### Evolve

The Group continued to engage in collaborative working throughout 2017/18 with Cleveland and Durham forces for Specialist Operational Services (Evolve). This includes the Major Crime Investigation Team, an Integrated Dog Support Unit and Collaborative Legal Services.

The Joint Governance Board comprises the three Commissioners plus officers from each of the participating forces. The collaboration is funded from contributions made by the three participating forces. The Evolve programmes is a lead force arrangement. The lead force employs some of the staff on a permanent substantive basis. Officers and some staff are seconded to the lead force. The total net expenditure of this group during 2017/18 in relation to the Evolve collaboration was £2.6m (PCC £37k) (2016/17 £1.46m PCC £6k).

### Other collaborations:

During 2017/18, the Group has also participated in collaborative activity with all seven forces in the North East Region. The total net expenditure of this group during 2017/18 in relation to these additional collaborations was £8.8k (PCC £nil) (2016/17 £2k, PCC £nil),

Regional Collaboration costs have had the following impact on the Group Cost of Police Services (PCC £37k, 2016/17 £6k) shown on the face of the CIES:

| Current Year - Group                      | Group<br>Expenditure<br>£'000 | Group<br>Income<br>£'000 | Net Impact<br>£'000 |
|---|-------------------------------|--------------------------|---------------------|
| Employee Costs Salaries                   | 2,706                         | -                        | 2,706               |
| Other Non Salary employee costs           | 3                             | -                        | 3                   |
| Supplies and Services (includes PCC £37k) | 4,899                         | -                        | 4,899               |
| Transport Costs                           | 68                            | -                        | 68                  |
| Non Grant income                          | -                             | (610)                    | (610)               |
| <b>Total</b>                              | <b>7,676</b>                  | <b>(610)</b>             | <b>7,066</b>        |

| Prior Year - Group                       | Group<br>Expenditure<br>£'000 | Group<br>Income<br>£'000 | Net Impact<br>£'000 |
|--|-------------------------------|--------------------------|---------------------|
| Employee Costs                           | 1,824                         | -                        | 1,824               |
| Other Non salary employee costs          | 9                             | -                        | 9                   |
| Supplies and Services (includes PCC £6k) | 4,306                         | -                        | 4,306               |
| Transport Costs                          | 60                            | -                        | 60                  |
| Non grant income                         | -                             | (702)                    | (702)               |
| <b>Total</b>                             | <b>6,199</b>                  | <b>(702)</b>             | <b>5,497</b>        |

## 16. Property, Plant and Equipment

Movements in Property, Plant and Equipment during the year ending 31 March 2018 were as follows:

| Current Year - Group and PCC              | Note | Land and Buildings                              |               | Plant and Equipment | Vehicles       | Assets under Construction | Total           |
|---|------|---|---------------|---------------------|----------------|---------------------------|-----------------|
|   |      | Police Stations and other commercial properties | Police Houses |                     |                |                           |                 |
|   |      | £'000   | £'000         | £'000               | £'000          | £'000                     | £'000           |
| <b>Cost or Valuation</b>                  |      |   |               |                     |                |                           |                 |
| Opening Value at 1 April 2017             |      | 27,973  | 790           | 22,522              | 10,670         | 8,876                     | 70,831          |
| Additions                                 |      | 3,157   | -             | 2,186               | 1,471          | 882                       | 7,696           |
| Disposals                                 |      | -   | -             | (3,459)             | (1,180)        | -                         | (4,639)         |
| Reclassifications                         |      | 6,648   | -             | -                   | -              | (9,758)                   | (3,110)         |
| Revaluations                              | 20c  | (6,862)   | 51            | -                   | -              | -                         | (6,811)         |
| Impairments                               | 20d  | -   | -             | -                   | -              | -                         | -               |
| <b>Closing Value at 31 March 2018</b>     |      | <b>30,916</b>                                   | <b>841</b>    | <b>21,249</b>       | <b>10,961</b>  | <b>-</b>                  | <b>63,967</b>   |
| <b>Depreciation</b>                       |      |   |               |                     |                |                           |                 |
| Opening Value at 1 April 2017             |      | -   | -             | (14,873)            | (6,415)        | -                         | (21,288)        |
| Charge for the year                       |      | (1,227)   | (38)          | (2,461)             | (1,570)        | -                         | (5,296)         |
| Reclassifications                         |      | -   | -             | -                   | -              | -                         | -               |
| Write back depreciation on disposals      |      | -   | -             | 3,459               | 1,135          | -                         | 4,594           |
| Write back depreciation on revaluations   | 20c  | 1,227   | 38            | -                   | -              | -                         | 1,265           |
| Write back depreciation on impairments    | 20d  | -   | -             | -                   | -              | -                         | -               |
| <b>Closing Value at 31 March 2018</b>     |      | <b>-</b>  | <b>-</b>      | <b>(13,875)</b>     | <b>(6,850)</b> | <b>-</b>                  | <b>(20,725)</b> |
| <b>Net Book Value as at 31 March 2018</b> |      | <b>30,916</b>                                   | <b>841</b>    | <b>7,374</b>        | <b>4,111</b>   | <b>-</b>                  | <b>43,242</b>   |

Net book value at 31 March 2018 can be analysed as follows:

|                               |               |
|-------------------------------|---------------|
| Property, Plant and Equipment | 43,242        |
| Assets under Construction     | -             |
|                               | <b>43,242</b> |

Movements in Property, Plant and Equipment during the year ending 31 March 2017 were as follows:

| Prior Year - Group and PCC                | Note | Land and Buildings                              |               | Plant and Equipment | Vehicles       | Assets Under Construction | Total           |
|---|------|---|---------------|---------------------|----------------|---------------------------|-----------------|
|   |      | Police Stations and other commercial properties | Police Houses |                     |                |                           |                 |
|   |      | £'000   | £'000         | £'000               | £'000          | £'000                     | £'000           |
| <b>Cost or Valuation</b>                  |      |   |               |                     |                |                           |                 |
| Opening Value at 1 April 2016             |      | 31,366  | 1,045         | 19,192              | 10,411         | 4,752                     | 66,766          |
| Additions                                 |      | 339   | -             | 3,894               | 1,799          | 4,124                     | 10,156          |
| Disposals                                 |      | -   | -             | (564)               | (1,540)        | -                         | (2,104)         |
| Reclassifications                         |      | 756   | (320)         | -                   | -              | -                         | 436             |
| Revaluations                              | 20c  | (4,488)   | 65            | -                   | -              | -                         | (4,423)         |
| Impairments                               | 20d  | -   | -             | -                   | -              | -                         | -               |
| <b>Closing Value at 31 March 2017</b>     |      | <b>27,973</b>                                   | <b>790</b>    | <b>22,522</b>       | <b>10,670</b>  | <b>8,876</b>              | <b>70,831</b>   |
| <b>Depreciation</b>                       |      |   |               |                     |                |                           |                 |
| Opening Value at 1st April 2016           |      | -   | -             | (13,380)            | (6,366)        | -                         | (19,746)        |
| Charge for the year                       |      | (1,060)   | (32)          | (2,057)             | (1,542)        | -                         | (4,691)         |
| Reclassifications                         |      | -   | -             | -                   | -              | -                         | -               |
| Write back depreciation on disposals      |      | -   | -             | 564                 | 1,493          | -                         | 2,057           |
| Write back depreciation on revaluations   | 20c  | 1,060   | 32            | -                   | -              | -                         | 1,092           |
| Write back depreciation on impairments    | 20d  | -   | -             | -                   | -              | -                         | -               |
| <b>Closing Value at 31 March 2016</b>     |      | <b>-</b>  | <b>-</b>      | <b>(14,873)</b>     | <b>(6,415)</b> | <b>-</b>                  | <b>(21,288)</b> |
| <b>Net Book Value as at 31 March 2017</b> |      | <b>27,973</b>                                   | <b>790</b>    | <b>7,649</b>        | <b>4,255</b>   | <b>8,876</b>              | <b>49,543</b>   |

Net book value at 31 March 2017 can be analysed as follows:

|                               |               |
|-------------------------------|---------------|
| Property, Plant and Equipment | 40,667        |
| Assets under Construction     | 8,876         |
|                               | <b>49,543</b> |

Land and Buildings (police stations and other commercial properties plus police houses) are measured at existing use value - all properties were valued at 31 March 2018. 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, using significant unobservable inputs (Level 3 of the Fair Value Hierarchy).

The depreciation charge for the year, amounting to £5.296m (PCC £5.296m) (2016/17 £4.691m, PCC £4.691m), 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 £5k (2016/17 £5k) which is not being depreciated on the advice of valuers.

## 17. Investment Property

Movements in Investment Property during the year are shown below:

| Group and PCC                                     |      | 2017/18    | 2016/17    |
|---|------|------------|------------|
|   | Note | £'000      | £'000      |
| <b>Balance at 1 April</b>                         |      | <b>312</b> | <b>234</b> |
| Reclassification from Property, Plant & Equipment | 16   | -          | 25         |
| Revaluations included in CIES                     | 20c  | 20         | 53         |
| <b>Balance at 31 March</b>                        |      | <b>332</b> | <b>312</b> |

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% (2016/17 100%) 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 investment properties during the year, and no investment properties have moved between valuation hierarchy levels during the year (2016/17 none).

At the balance sheet date the Group held a total of 4 investment properties (PCC 4) (2016/17 4, PCC 4). All these properties were previously operational properties which are no longer required for operational purposes.

## 18. Intangible Assets

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

| Group and PCC                     |  | 2017/18        | 2016/17        |
|-----------------------------------|--|----------------|----------------|
|                                   |  | £'000          | £'000          |
| <b>Cost</b>                       |  |                |                |
| <b>Balance at 1 April</b>         |  | <b>8,433</b>   | <b>6,994</b>   |
| Additions - purchased             |  | 996            | 1,439          |
| Reclassifications                 |  | -              | -              |
| <b>Balance at 31 March</b>        |  | <b>9,429</b>   | <b>8,433</b>   |
| <b>Amortisation</b>               |  |                |                |
| <b>Balance at 1 April</b>         |  | <b>(5,748)</b> | <b>(5,002)</b> |
| Charge for the year               |  | (962)          | (746)          |
| <b>Balance at 31 March</b>        |  | <b>(6,710)</b> | <b>(5,748)</b> |
| <b>Net Book Value at 31 March</b> |  | <b>2,719</b>   | <b>2,685</b>   |

The amortisation charge for the year, amounting to £962k (PCC £962k) (2016/17 £746k, PCC £746k), has been charged to the Comprehensive Income and Expenditure Statement within Financial Costs.

**19. Assets Held for Sale**

| <b>Group and PCC</b>                                   |             | <b>2017/18</b> | <b>2016/17</b> |
|--|-------------|----------------|----------------|
|  | <b>Note</b> | <b>£'000</b>   | <b>£'000</b>   |
| <b>Balance at 1 April</b>                              |             | -              | 780            |
| Assets reclassified to Property, Plant and Equipment   | 16          | 3,110          | (780)          |
| Assets reclassified from Property, Plant and Equipment | 16          | -              | 320            |
| Disposals  |             | (780)          | (320)          |
| Revaluations   | 20c         | -              | -              |
| <b>Balance at 31 March</b>                             |             | <b>2,330</b>   | <b>-</b>       |

**20. Analysis of amounts in relation to Non-Current Assets****20 (a) Financing of Non-Current Assets**

The additions to non-current assets totalled £8.6m (PCC £8.6m) (2016/17: £11.6m, PCC £11.6m). 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.

| <b>Group and PCC</b>   |             | <b>2017/18</b> | <b>2016/17</b> |
|--|-------------|----------------|----------------|
|  | <b>Note</b> | <b>£'000</b>   | <b>£'000</b>   |
| <b>Capital Expenditure was incurred across the following categories:</b> |             |                |                |
| Property, Plant and Equipment  | 16          | 7,696          | 10,156         |
| Intangible Fixed Assets  | 18          | 996            | 1,439          |
|  |             | <b>8,692</b>   | <b>11,595</b>  |
| <b>Sources of finance:</b>   |             |                |                |
| Capital Receipts utilised  | 1           | -              | -              |
| Capital Grants   | 1           | 431            | 635            |
| Sums set aside from Revenue and Revenue Reserves                         | 1           | 18             | 10,960         |
| Repayment of NHS Charge  |             | 106            | -              |
| Donation Income  | 1           | -              | -              |
| Borrowing (Internal)   |             | 8,137          | -              |
|  |             | <b>8,692</b>   | <b>11,595</b>  |

| <b>Group and PCC</b>   |  | <b>2017/18</b> | <b>2016/17</b> |
|--|--|----------------|----------------|
|  |  | <b>£'000</b>   | <b>£'000</b>   |
| <b>Opening Capital Financing Requirement</b>   |  | <b>2,673</b>   | <b>2,960</b>   |
| Increase (decrease) in underlying need to borrowing (supported by government financial assistance)   |  | -              | -              |
| Increase (decrease) in underlying need to borrowing (unsupported by government financial assistance) |  | 7,947          | (287)          |
| Assets acquired under Finance leases   |  | -              | -              |
| <b>Closing Capital Financing Requirement</b>   |  | <b>10,620</b>  | <b>2,673</b>   |

**20 (b) Major Capital Schemes**

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

| <b>Group and PCC</b>                  | <b>2017/18</b> | <b>2017/18</b> | <b>2016/17</b> | <b>2016/17</b> |
|---------------------------------------|----------------|----------------|----------------|----------------|
| <b>Description</b>                    | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   |
| Rolling Programs                      |                | 2,285          |                | 2,395          |
| ICT Strategy - Major Schemes          |                | 1,668          |                | 4,205          |
| Estates Strategy - Major Schemes      |                |                |                |                |
| - Major works (below £200k)           | 907            |                | 130            |                |
| - Alverton Court Works                | 866            |                | 3,310          |                |
| - Joint transport and logistics hub   | 597            |                | 563            |                |
| - FCR Fallback Harrogate              | 296            |                | -              |                |
| - TSU Relocation /Refit               | 410            |                | -              |                |
| Total Estate Strategy - Major Schemes |                | 3,076          |                | 4,003          |
| Purchase of freehold                  |                | -              |                | 250            |
| Safety Camera Van Expansion           |                | -              |                | 255            |
| NYP Exhibits Store                    |                | 1,321          |                | -              |
| Other Schemes (Below £200K)           |                | 342            |                | 487            |
| <b>Total</b>                          |                | <b>8,692</b>   |                | <b>11,595</b>  |

**20 (c) Revaluation**

The revaluations have had the following impact on these accounts:

| <b>Current Year - Group and PCC</b>                      | <b>Land and Buildings</b> | <b>Police Houses</b> | <b>Sub Total</b> | <b>Investment Properties</b> | <b>Assets Held for Sale</b> | <b>Total</b> |
|--|---------------------------|----------------------|------------------|------------------------------|-----------------------------|--------------|
|  | <b>£'000</b>              | <b>£'000</b>         | <b>£'000</b>     | <b>£'000</b>                 | <b>£'000</b>                | <b>£'000</b> |
| Revaluation charged/(credited) to Revaluation Reserve    | 229                       | (89)                 | 140              | -                            | -                           | 140          |
| Revaluation charged/(credited) to Income and Expenditure | 5,406                     | -                    | 5,406            | (20)                         | -                           | 5,386        |
| <b>Total</b>   | <b>5,635</b>              | <b>(89)</b>          | <b>5,546</b>     | <b>(20)</b>                  | <b>-</b>                    | <b>5,526</b> |
| Cost   | 6,862                     | (51)                 | 6,811            | (20)                         | -                           | 6,791        |
| Depreciation   | (1,227)                   | (38)                 | (1,265)          | -                            | -                           | (1,265)      |
| <b>Total</b>   | <b>5,635</b>              | <b>(89)</b>          | <b>5,546</b>     | <b>(20)</b>                  | <b>-</b>                    | <b>5,526</b> |

| <b>Prior Year - Group and PCC</b>                        | <b>Land and Buildings</b> | <b>Police Houses</b> | <b>Sub Total</b> | <b>Investment Properties</b> | <b>Assets Held for Sale</b> | <b>Total</b> |
|--|---------------------------|----------------------|------------------|------------------------------|-----------------------------|--------------|
|  | <b>£'000</b>              | <b>£'000</b>         | <b>£'000</b>     | <b>£'000</b>                 | <b>£'000</b>                | <b>£'000</b> |
| Revaluation charged/(credited) to Revaluation Reserve    | 1,764                     | (97)                 | 1,667            | -                            | -                           | 1,667        |
| Revaluation charged/(credited) to Income and Expenditure | 1,664                     | -                    | 1,664            | (53)                         | -                           | 1,611        |
| <b>Total</b>   | <b>3,428</b>              | <b>(97)</b>          | <b>3,331</b>     | <b>(53)</b>                  | <b>-</b>                    | <b>3,278</b> |
| Cost   | 4,488                     | (65)                 | 4,423            | (53)                         | -                           | 4,370        |
| Depreciation   | (1,060)                   | (32)                 | (1,092)          | -                            | -                           | (1,092)      |
| <b>Total</b>   | <b>3,428</b>              | <b>(97)</b>          | <b>3,331</b>     | <b>(53)</b>                  | <b>-</b>                    | <b>3,278</b> |



At 31 March 2018 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<br>£'000 | Police Houses<br>£'000 | Sub Total<br>£'000 | Investment Properties<br>£'000 | Assets Held for Sale<br>£'000 | Total<br>£'000 |
|------------------------------|-----------------------------|------------------------|--------------------|--------------------------------|-------------------------------|----------------|
| Properties last revalued at: |                             |                        |                    |                                |                               |                |
| 31 March 2018                | 30,915                      | 840                    | 31,755             | 332                            | 2,330                         | <b>34,417</b>  |

At 31 March 2018 the carrying amount that would have been recognised had the assets been carried under the cost model can be analysed as follows:

|                               | Land and Buildings<br>£'000 | Police Houses<br>£'000 | Sub Total<br>£'000 | Investment Properties<br>£'000 | Assets Held for Sale<br>£'000 | Total<br>£'000 |
|-------------------------------|-----------------------------|------------------------|--------------------|--------------------------------|-------------------------------|----------------|
| Carrying Amount 31 March 2018 | 27,744                      | 474                    | 28,218             | 283                            | 4,183                         | <b>32,684</b>  |

## 20 (d) Impairment

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

All properties were valued at 31 March 2018, and no separate assesment has therefore been made for impairment.

### Intangible Assets

There were no impairments of intangible assets at 31 March 2018 (31 March 2017 - none)

## 20 (e) Amounts Charged to Comprehensive Income and Expenditure Statement

| Group and PCC   |      | 2017/18<br>£'000 | 2016/17<br>£'000 |
|---|------|------------------|------------------|
|   | Note |                  |                  |
| Depreciation of Property, Plant and Equipment             | 16   | 5,296            | 4,691            |
| Revaluation charge to Net Cost of Services                | 20c  | 5,406            | 1,663            |
| Impairment  |      | -                | -                |
| Surplus / deficit on disposal                             | 9    | (91)             | 3                |
| <b>Sub-Total Property, Plant and Equipment</b>            |      | <b>10,611</b>    | <b>6,357</b>     |
| Amortisation of Intangible Fixed Assets                   | 18   | 962              | 746              |
| Revaluation Investment Properties                         | 20c  | (20)             | (53)             |
| Revaluation Assets Held for Sale                          | 20c  | -                | -                |
| <b>Total</b>  |      | <b>11,553</b>    | <b>7,050</b>     |
| Included in net cost of services                          |      | 11,664           | 7,100            |
| Included in other operating income and expenditure        |      | (91)             | 3                |
| Included in finance and Investment Income and Expenditure |      | (20)             | (53)             |
| <b>Total</b>  |      | <b>11,553</b>    | <b>7,050</b>     |

**20 (f) Capital Commitments**

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

| <b>Group and PCC</b>                          | <b>31 March 2018</b> | <b>31 March 2017</b> |
|---|----------------------|----------------------|
|   | <b>£'000</b>         | <b>£'000</b>         |
| Plant and Equipment                           | 951                  | 761                  |
| Fleet Vehicles                                | 527                  | 314                  |
| Estates Transformation Programme Improvements | 343                  | 259                  |
| Capital Work-in-Progress - New Build          | -                    | 657                  |
| Other schemes (below £200k)                   | -                    | 17                   |
| <b>Total as at 31 March</b>                   | <b>1,821</b>         | <b>2,008</b>         |

Capital commitments related to the following asset categories:

|                               |              |              |
|-------------------------------|--------------|--------------|
| Property, Plant and Equipment | 1,821        | 1,991        |
| Intangible Assets             | -            | 17           |
| <b>Total</b>                  | <b>1,821</b> | <b>2,008</b> |

The Group had no commitments in relation to repairs or maintenance at the year-end (PCC £nil) (2016/17: £nil, PCC £nil).

**21. Financial Instruments**

|   | <b>Long-term</b>     |                      | <b>Current</b>       |                      | <b>Current</b>       |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | <b>31 March 2018</b> | <b>31 March 2017</b> | <b>31 March 2018</b> | <b>31 March 2017</b> | <b>31 March 2018</b> | <b>31 March 2017</b> |
|   | <b>Group and PCC</b> | <b>Group and PCC</b> | <b>Group</b>         | <b>Group</b>         | <b>PCC</b>           | <b>PCC</b>           |
|   | <b>£'000</b>         | <b>£'000</b>         | <b>£'000</b>         | <b>£'000</b>         | <b>£'000</b>         | <b>£'000</b>         |
| <b>Debtors</b>                                |                      |                      |                      |                      |                      |                      |
| Loans and receivables (incl accrued interest) | -                    | -                    | 16,052               | 25,462               | 19,367               | 28,181               |
| <b>Total Debtors</b>                          | <b>-</b>             | <b>-</b>             | <b>16,052</b>        | <b>25,462</b>        | <b>19,367</b>        | <b>28,181</b>        |
| <b>Other Long-Term Liabilities</b>            |                      |                      |                      |                      |                      |                      |
| Finance lease liabilities                     | -                    | -                    | -                    | -                    | -                    | 34                   |
| <b>Total Other Long-Term Liabilities</b>      | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>34</b>            |
| <b>Creditors</b>                              |                      |                      |                      |                      |                      |                      |
| Financial liabilities at amortised cost       | -                    | -                    | 13,153               | 9,521                | 17,010               | 13,773               |
| <b>Total Creditors</b>                        | <b>-</b>             | <b>-</b>             | <b>13,153</b>        | <b>9,521</b>         | <b>17,010</b>        | <b>13,773</b>        |

## Income, Expense, Gains and Losses

## Group and PCC

|   | 2017/18  |   |            | 2016/17  |   |            |
|---|--|---|------------|--|---|------------|
|   | 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)        | (2)  | -                                       | (2)        |
| <b>Total expense in Surplus or Deficit on the Provision of Services</b> | <b>(3)</b>                                       | <b>-</b>                                | <b>(3)</b> | <b>(2)</b>                                       | <b>-</b>                                | <b>(2)</b> |
| Interest income   | -  | 34                                      | 34         | -  | 117                                     | 117        |
| <b>Total income in Surplus or Deficit on the Provision of Services</b>  | <b>-</b>   | <b>34</b>                               | <b>34</b>  | <b>-</b>   | <b>117</b>                              | <b>117</b> |
| <b>Net gain/(loss) for the year</b>                                     | <b>(3)</b>                                       | <b>34</b>                               | <b>31</b>  | <b>(2)</b>                                       | <b>117</b>                              | <b>115</b> |

## 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 2018   |               | 31 March 2017   |              |
|------------------------------------|-----------------|---------------|-----------------|--------------|
|                                    | Carrying amount | Fair value    | Carrying amount | Fair value   |
|                                    | £'000           | £'000         | £'000           | £'000        |
| Bank overdraft                     | 3               | 3             | -               | -            |
| Short-term borrowing               | -               | -             | 34              | 34           |
| Long-term borrowing                | -               | -             | -               | -            |
| Other Creditors                    | 13,150          | 13,150        | 9,521           | 9,521        |
| <b>Total Financial Liabilities</b> | <b>13,153</b>   | <b>13,153</b> | <b>9,555</b>    | <b>9,555</b> |
| Current                            | 13,153          | 13,153        | 9,555           | 9,555        |
| Long-term                          | -               | -             | -               | -            |
| <b>Total Financial Liabilities</b> | <b>13,153</b>   | <b>13,153</b> | <b>9,555</b>    | <b>9,555</b> |

| PCC                                | 31 March 2018   |               | 31 March 2017   |               |
|------------------------------------|-----------------|---------------|-----------------|---------------|
|                                    | Carrying amount | Fair value    | Carrying amount | Fair value    |
|                                    | £'000           | £'000         | £'000           | £'000         |
| Bank overdraft                     | 3               | 3             | -               | -             |
| Short-term borrowing               | -               | -             | 34              | 34            |
| Long-term borrowing                | -               | -             | -               | -             |
| Other Creditors                    | 17,007          | 17,007        | 13,773          | 13,773        |
| <b>Total Financial Liabilities</b> | <b>17,010</b>   | <b>17,010</b> | <b>13,807</b>   | <b>13,807</b> |
| Current                            | 17,010          | 17,010        | 13,807          | 13,807        |
| Long-term                          | -               | -             | -               | -             |
| <b>Total Financial Liabilities</b> | <b>17,010</b>   | <b>17,010</b> | <b>13,807</b>   | <b>13,807</b> |

## Financial Assets - Loans and Receivables

### Current and Long Term

| Group                         | 31 March 2018   |               | 31 March 2017   |               |
|-------------------------------|-----------------|---------------|-----------------|---------------|
|                               | Carrying amount | Fair value    | Carrying amount | Fair value    |
|                               | £'000           | £'000         | £'000           | £'000         |
| Short-term investments        | -               | -             | -               | -             |
| Cash and cash equivalents     | 4,749           | 4,749         | 15,065          | 15,065        |
| Debtors                       | 12,987          | 12,987        | 11,829          | 11,829        |
| Provision for doubtful debts  | (1,684)         | (1,684)       | (1,432)         | (1,432)       |
| <b>Total Financial Assets</b> | <b>16,052</b>   | <b>16,052</b> | <b>25,462</b>   | <b>25,462</b> |

| PCC                           | 31 March 2018   |               | 31 March 2017   |               |
|-------------------------------|-----------------|---------------|-----------------|---------------|
|                               | Carrying amount | Fair value    | Carrying amount | Fair value    |
|                               | £'000           | £'000         | £'000           | £'000         |
| Short-term investments        | -               | -             | -               | -             |
| Cash and cash equivalents     | 4,733           | 4,733         | 15,049          | 15,049        |
| Debtors                       | 16,318          | 16,318        | 14,564          | 14,564        |
| Provision for doubtful debts  | (1,684)         | (1,684)       | (1,432)         | (1,432)       |
| <b>Total Financial Assets</b> | <b>19,367</b>   | <b>19,367</b> | <b>28,181</b>   | <b>28,181</b> |

## 22. Inventories

| Group                       | 31 March 2018 | 31 March 2017 |
|-----------------------------|---------------|---------------|
|                             | £'000         | £'000         |
| Uniforms/Other Items        | 265           | 187           |
| Garage                      | 96            | 93            |
| <b>Total as at 31 March</b> | <b>361</b>    | <b>280</b>    |

| PCC                         | 31 March 2018 | 31 March 2017 |
|-----------------------------|---------------|---------------|
|                             | £'000         | £'000         |
| Garage                      | 96            | 93            |
| <b>Total as at 31 March</b> | <b>96</b>     | <b>93</b>     |

All inventories comprise supplies used in the provision of services.

**23. Debtors**

| <b>Group</b>   | <b>31 March 2018</b> | <b>31 March 2017</b> |
|--|----------------------|----------------------|
| <b>Short-Term</b>  | <b>£'000</b>         | <b>£'000</b>         |
| <b>Amounts receivable:</b>   |                      |                      |
| Central government bodies  | 7,533                | 6,141                |
| Other Local Authorities (including Police and Crime Commissioners) | 1,427                | 2,006                |
| NHS bodies   | -                    | -                    |
| Public corporations and trading funds                              | 44                   | 120                  |
| Other debtors external to general government                       | 3,983                | 3,562                |
|  | <u>12,987</u>        | <u>11,829</u>        |
| Provision for Doubtful Debts                                       | (1,684)              | (1,432)              |
|  | <u>11,303</u>        | <u>10,397</u>        |
| Value Added Tax  | 960                  | 1,912                |
| Payments in advance  | 4,747                | 4,249                |
| <b>Total as at 31 March</b>  | <b><u>17,010</u></b> | <b><u>16,558</u></b> |

| <b>PCC</b>   | <b>31 March 2018</b> | <b>31 March 2017</b> |
|--|----------------------|----------------------|
| <b>Short-Term</b>  | <b>£'000</b>         | <b>£'000</b>         |
| <b>Amounts receivable:</b>   |                      |                      |
| Central government bodies  | 7,389                | 6,108                |
| Other Local Authorities (including Police and Crime Commissioners) | 936                  | 1,656                |
| NHS bodies   | -                    | -                    |
| Public corporations and trading funds                              | 44                   | 120                  |
| Other debtors external to general government                       | 3,574                | 3,134                |
| Intra group debtors  | 4,375                | 3,546                |
|  | <u>16,318</u>        | <u>14,564</u>        |
| Provision for Doubtful Debts                                       | (1,684)              | (1,432)              |
|  | <u>14,634</u>        | <u>13,132</u>        |
| Value Added Tax  | 960                  | 1,912                |
| Payments in advance  | 1,416                | 1,514                |
| <b>Total as at 31 March</b>  | <b><u>17,010</u></b> | <b><u>16,558</u></b> |

Other Local Authorities (including Police and Crime Commissioners) includes £126k (PCC £nil) (2016/17 £115k, PCC £nil) in respect of regional collaboration with other Police and Crime Commissioners (see note 15(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:

|                              | <b>2017/18</b>        | <b>2017/18</b>        | <b>2016/17</b>        | <b>2016/17</b>        |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                              | <b>Group</b>          | <b>PCC</b>            | <b>Group</b>          | <b>PCC</b>            |
|                              | <b>£'000</b>          | <b>£'000</b>          | <b>£'000</b>          | <b>£'000</b>          |
| <b>Balance at 1 April</b>    | <b>(1,432)</b>        | <b>(1,432)</b>        | <b>(1,368)</b>        | <b>(1,368)</b>        |
| Written off as uncollectable | -                     | -                     | -                     | -                     |
| Recovered during the year    | -                     | -                     | -                     | -                     |
| Provided against in year     | (252)                 | (252)                 | (64)                  | (64)                  |
| <b>Balance at 31 March</b>   | <b><u>(1,684)</u></b> | <b><u>(1,684)</u></b> | <b><u>(1,432)</u></b> | <b><u>(1,432)</u></b> |

The Group does not generally allow extended credit for customers. £352k (PCC £312k) (2016/17 £141k, PCC £40k) of the £947k (PCC £517k) (2016/17 £517k, PCC £326k) listed debtors balance is past its due date for payment. The past due amount can be analysed as follows:

|                        | <b>31 March<br/>2018<br/>Group<br/>£'000</b> | <b>31 March<br/>2018<br/>PCC<br/>£'000</b> | <b>31 March<br/>2017<br/>Group<br/>£'000</b> | <b>31 March<br/>2017<br/>PCC<br/>£'000</b> |
|------------------------|--|--|--|--|
| Less than three months | 76   | 46   | 122  | 32   |
| Three to six months    | 29   | 21   | 3  | -  |
| Six months to one year | 155  | 153  | 6  | 1  |
| More than one year     | 92   | 92   | 10   | 7  |
| <b>Total</b>           | <b>352</b>                                   | <b>312</b>                                 | <b>141</b>                                   | <b>40</b>                                  |

#### 24. Cash and Cash Equivalents

| <b>Group</b>                                    | <b>31 March 2018<br/>£'000</b> | <b>31 March 2017<br/>£'000</b> |
|---|--------------------------------|--------------------------------|
| Cash at bank and in hand                        | 30                             | 31                             |
| Short-term deposits falling due within 3 months | 4,719                          | 15,022                         |
| <b>Cash and short-term deposits</b>             | <b>4,749</b>                   | <b>15,053</b>                  |
| Bank current account                            | (3)                            | 12                             |
| <b>Total Cash and Cash Equivalents</b>          | <b>4,746</b>                   | <b>15,065</b>                  |

  

| <b>PCC</b>                                      | <b>31 March 2018<br/>£'000</b> | <b>31 March 2017<br/>£'000</b> |
|---|--------------------------------|--------------------------------|
| Cash at bank and in hand                        | 14                             | 15                             |
| Short-term deposits falling due within 3 months | 4,719                          | 15,022                         |
| <b>Cash and short-term deposits</b>             | <b>4,733</b>                   | <b>15,037</b>                  |
| Bank current account                            | (3)                            | 12                             |
| <b>Total Cash and Cash Equivalents</b>          | <b>4,730</b>                   | <b>15,049</b>                  |

## 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.

## 25. 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:

| <b>Group and PCC</b>                            | <b>31 March 2018</b> | <b>31 March 2017</b> |
|---|----------------------|----------------------|
|   | <b>£'000</b>         | <b>£'000</b>         |
| Plant and Equipment (Net book value)            | -                    | 62                   |
| <b>Amount due for settlement after one year</b> | <b>-</b>             | <b>62</b>            |

| <b>Group and PCC</b>  | <b>31 March 2018</b> | <b>31 March 2017</b> |
|---|----------------------|----------------------|
|   | <b>£'000</b>         | <b>£'000</b>         |
| The minimum lease payments are made up of the following amounts:            |                      |                      |
| Within one year   | -                    | 34                   |
| Between one and two years   | -                    | -                    |
| Between two and five years  | -                    | -                    |
|   | -                    | 34                   |
| Less amount due for settlement within one year (within current liabilities) | -                    | (34)                 |
| <b>Amount due for settlement after one year</b>                             | <b>-</b>             | <b>-</b>             |

| <b>Group and PCC</b>  | <b>2017/18</b> | <b>2016/17</b> |
|---|----------------|----------------|
|   | <b>£'000</b>   | <b>£'000</b>   |
| Balance at 1 April  | 34             | 169            |
| New lease finance received  | -              | -              |
|   | <b>34</b>      | <b>169</b>     |
| Repayments  | (34)           | (135)          |
| <b>Balance at 31 March</b>  | <b>-</b>       | <b>34</b>      |
| Short-term (included in other creditors external to government - note 24) | -              | 34             |
| Long-term   | -              | -              |
| <b>Balance at 31 March</b>  | <b>-</b>       | <b>34</b>      |

Borrowing at 31 March 2018 was equivalent to debt outstanding of 0p (2017 4p) per head of population.

**26. Creditors**

| Group  | 31 March 2018 | 31 March 2017 |
|--|---------------|---------------|
| <b>Amounts due:</b>  | <b>£'000</b>  | <b>£'000</b>  |
| Central government bodies  | 211           | 94            |
| Other local authorities (including Police and Crime Commissioners) | 2,807         | 1,641         |
| NHS bodies   | 462           | 170           |
| Public corporations and trading funds                              | -             | -             |
| HMRC employment taxes and national insurance                       | 2,751         | 2,747         |
| Other creditors external to government                             | 9,964         | 8,146         |
| Income received in advance   | 1,150         | 726           |
| Grants received in advance   | 4             | 57            |
| Capital Grants In Advance  | 808           | 808           |
| <b>Total as at 31 March</b>  | <b>18,157</b> | <b>14,389</b> |

| PCC  | 31 March 2018 | 31 March 2017 |
|--|---------------|---------------|
| <b>Amounts due:</b>  | <b>£'000</b>  | <b>£'000</b>  |
| Intragroup creditors   | 12,758        | 11,608        |
| Central government bodies  | 6             | -             |
| Other local authorities (including Police and Crime Commissioners) | 717           | 46            |
| Public corporations and trading funds                              | -             | -             |
| NHS Bodies   | 71            | -             |
| HMRC employment taxes and national insurance                       | 189           | 176           |
| Other creditors external to government                             | 3,449         | 2,249         |
| Income received in advance   | 490           | 119           |
| Grants received in advance   | 4             | 57            |
| Capital Grants In Advance  | 808           | 808           |
| <b>Total as at 31 March</b>  | <b>18,492</b> | <b>15,063</b> |

Other local authorities (including Police and Crime Commissioners) includes £191k (PCC £nil) (2016/17 £209k, PCC £nil) in respect of regional collaboration with other Police and Crime Commissioners in Yorkshire and Humberside (see Note 15 (b)).

**27. Provisions**

| Group                         | Employee Related | Other Insurance | Total        |
|-------------------------------|------------------|-----------------|--------------|
|                               | £'000            | £'000           | £'000        |
| <b>At 1 April 2017</b>        | <b>821</b>       | <b>1,540</b>    | <b>2,361</b> |
| Additional provision required | 760              | 403             | 1,163        |
| Amounts utilised during year  | (34)             | (463)           | (497)        |
| <b>At 31 March 2018</b>       | <b>1,547</b>     | <b>1,480</b>    | <b>3,027</b> |

| PCC                           | Employee Related | Other Insurance | Total      |
|-------------------------------|------------------|-----------------|------------|
|                               | £'000            | £'000           | £'000      |
| <b>At 1 April 2017</b>        | <b>20</b>        | <b>325</b>      | <b>345</b> |
| Additional provision required | 159              | 136             | 295        |
| Amounts utilised during year  | -                | (118)           | (118)      |
| <b>At 31 March 2018</b>       | <b>179</b>       | <b>343</b>      | <b>522</b> |



**Group and PCC**

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

|              | 2017/18      | 2017/18      | 2016/17      | 2016/17      |
|--------------|--------------|--------------|--------------|--------------|
|              | <b>Group</b> | <b>PCC</b>   | <b>Group</b> | <b>PCC</b>   |
|              | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> |
| Short-term   | 1,960        | 489          | 1,128        | 317          |
| Long-term    | 1,067        | 33           | 1,233        | 28           |
| <b>Total</b> | <b>3,027</b> | <b>522</b>   | <b>2,361</b> | <b>345</b>   |

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 public liability claims.

Sums have been set aside to provide for the settlement of ongoing claims and cases not covered by insurance (identified as Provisions) and to provide for other possible events that might give rise to claims. 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 £150,000 for any one claim;
- liability and third party motor claims aggregating over £1.2 million;
- third party motor claims subject to an excess of £100,000 for any one claim;
- 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 £100,000 for any one occurrence for all other incidents;
- computer, unmanned aerial vehicles, 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.

**28. 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 four pension schemes:

- A Local Government Pension Schemes (LGPS) for police staff, administered by North Yorkshire County Council (NYCC). This is 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 this is a final salary scheme. 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. A number of Officers have been transferred from the previous schemes in year and will continue to do so moving forward based on calculated taper dates. The Group's participation in the Police Pension Schemes is administered by Kier 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<br>2017/18 | PCC<br>2017/18 | Group<br>2016/17 | PCC<br>2016/17 |
|--|----------|----------------------------------|----------------------------------|----------------------------------|------------------|----------------|------------------|----------------|
|  | LGPS     | Police<br>Pension<br>Scheme 1987 | Police<br>Pension<br>Scheme 2006 | Police<br>Pension<br>Scheme 2015 | Total            | Total          | Total            | Total          |
|  | £'000    | £'000                            | £'000                            | £'000                            | £'000            | £'000          | £'000            | £'000          |
| <b>Comprehensive Income and Expenditure Statement</b>  |          |                                  |                                  |                                  |                  |                |                  |                |
| <i>Net Cost of Services</i>  |          |                                  |                                  |                                  |                  |                |                  |                |
| Current Service Cost   | 9,587    | 10,860                           | 230                              | 15,670                           | 36,347           | 1,896          | 25,095           | 1,101          |
| Past Service Cost - exceptional item   | 46       | 1,130                            | -                                | -                                | 1,176            | 31             | 229              | -              |
| Curtailment Cost   | -        | -                                | -                                | -                                | -                | -              | -                | -              |
| Administration Costs   | 131      | -                                | -                                | -                                | 131              | 26             | 116              | 22             |
|  | 9,764    | 11,990                           | 230                              | 15,670                           | 37,654           | 1,953          | 25,440           | 1,123          |
| <i>Financing and Investment Income and Expenditure:</i>  |          |                                  |                                  |                                  |                  |                |                  |                |
| Interest Cost  | 661      | 40,680                           | 1,280                            | 1,180                            | 43,801           | 87             | 47,298           | 63             |
| <b>Total post-employment benefits charged to surplus or deficit on provision of services</b>                                 | 10,425   | 52,670                           | 1,510                            | 16,850                           | 81,455           | 2,040          | 72,738           | 1,186          |
| <i>Remeasurements of the net defined benefit liability comprising:</i>   |          |                                  |                                  |                                  |                  |                |                  |                |
| Returns on plan assets (excluding the amount included in the net interest expense)   | (10,680) | -                                | -                                | -                                | (10,680)         | (2,389)        | (31,106)         | (12,953)       |
| Actuarial gains & losses arising on changes in demographic assumptions   | -        | (49,710)                         | (1,670)                          | (3,600)                          | (54,980)         | -              | (26,893)         | 438            |
| Actuarial gains & losses arising on changes in financial assumptions   | 1        | 6,812                            | 4,265                            | 12,357                           | 23,435           | -              | 338,022          | 10,533         |
| Other  | 1,115    | (13,080)                         | (30)                             | 130                              | (11,865)         | 240            | (17,627)         | 2,785          |
| <b>(Surplus) deficits on remeasurements of scheme assets and liabilities</b>   | (9,564)  | (55,978)                         | 2,565                            | 8,887                            | (54,090)         | (2,149)        | 262,396          | 803            |
| <b>Total Post-Employment Benefits charged (credited) to Comprehensive Income and Expenditure Statement</b>                   | 861      | (3,308)                          | 4,075                            | 25,737                           | 27,365           | (109)          | 335,134          | 1,989          |
| <b>Movement in Reserves Statement</b>  |          |                                  |                                  |                                  |                  |                |                  |                |
| Reversal of net charges made to surplus or deficit on provision of services for retirement benefits in accordance with IAS19 | 10,425   | 52,670                           | 1,510                            | 16,850                           | 81,455           | 2,040          | 72,738           | 1,186          |
| <i>Actual amount charged against the General Fund Balance for the year</i>   |          |                                  |                                  |                                  |                  |                |                  |                |
| Employers contribution payable to the scheme   | (3,288)  | (4,212)                          | (165)                            | (6,997)                          | (14,662)         | (290)          | (15,521)         | (661)          |
| Retirement benefits payable to pensioners  | -        | (2,860)                          | -                                | -                                | (2,860)          | -              | (2,400)          | -              |
| <b>Total</b>   | 7,137    | 45,598                           | 1,345                            | 9,853                            | 63,933           | 1,750          | 54,817           | 525            |

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  |                    |                            |                            |                            | 2017/18            | 2016/17            |
|--|--------------------|----------------------------|----------------------------|----------------------------|--------------------|--------------------|
|  | 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   | (228,428)          | (1,551,584)                | (48,160)                   | (34,760)                   | <b>(1,862,932)</b> | <b>(1,507,846)</b> |
| Current service cost   | (9,587)            | (10,860)                   | (230)                      | (15,670)                   | <b>(36,347)</b>    | <b>(25,095)</b>    |
| Interest cost  | (5,921)            | (40,680)                   | (1,280)                    | (1,180)                    | <b>(49,061)</b>    | <b>(53,041)</b>    |
| Contributions by scheme participants                                     | (2,155)            | (2,600)                    | (320)                      | (4,450)                    | <b>(9,525)</b>     | <b>(8,841)</b>     |
| Remeasurement gains and (losses):  |                    |                            |                            |                            |                    |                    |
| - Actuarial gains/losses arising from changes in demographic assumptions | -                  | 49,710                     | 1,670                      | 3,600                      | <b>54,980</b>      | <b>26,893</b>      |
| - Actuarial gains/losses arising from changes in financial assumptions   | (1)                | (44,420)                   | (3,880)                    | (1,270)                    | <b>(49,571)</b>    | <b>(363,454)</b>   |
| - Other  | (1,115)            | 13,080                     | 30                         | (130)                      | <b>11,865</b>      | <b>17,627</b>      |
| Benefits paid  | 3,573              | 47,280                     | 100                        | 360                        | <b>51,313</b>      | <b>51,054</b>      |
| Curtailment cost   | -                  | -                          | -                          | -                          | -                  | -                  |
| Past service costs   | (46)               | (1,130)                    | -                          | -                          | <b>(1,176)</b>     | <b>(229)</b>       |
| <b>Balance at 31 March</b>   | <b>(243,680)</b>   | <b>(1,541,204)</b>         | <b>(52,070)</b>            | <b>(53,500)</b>            | <b>(1,890,454)</b> | <b>(1,862,932)</b> |

*Reconciliation of fair value of the scheme assets*

| Group  |                |                            |                            |                            | 2017/18         | 2016/17         |
|--|----------------|----------------------------|----------------------------|----------------------------|-----------------|-----------------|
|  | 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   | 201,384        | -                          | -                          | -                          | <b>201,384</b>  | <b>163,511</b>  |
| Interest on plan assets  | 5,260          | -                          | -                          | -                          | <b>5,260</b>    | <b>5,743</b>    |
| Administration expenses  | (131)          | -                          | -                          | -                          | <b>(131)</b>    | <b>(116)</b>    |
| Remeasurement gains and (losses):  |                |                            |                            |                            |                 |                 |
| - The return on plan assets, excluding the amount included in the net interest expense | 10,680         | -                          | -                          | -                          | <b>10,680</b>   | <b>31,106</b>   |
| - Actuarial gains/losses arising from changes in demographic assumptions               | -              | -                          | -                          | -                          | -               | -               |
| - Actuarial gains/losses arising from changes in financial assumptions                 | -              | 37,608                     | (385)                      | (11,087)                   | <b>26,136</b>   | <b>25,432</b>   |
| Employer contributions   | 3,288          | 7,072                      | 165                        | 6,997                      | <b>17,522</b>   | <b>17,921</b>   |
| Contributions by scheme participants   | 2,155          | 2,600                      | 320                        | 4,450                      | <b>9,525</b>    | <b>8,841</b>    |
| Benefits paid  | (3,573)        | (47,280)                   | (100)                      | (360)                      | <b>(51,313)</b> | <b>(51,054)</b> |
| <b>Balance at 31 March</b>   | <b>219,063</b> | <b>-</b>                   | <b>-</b>                   | <b>-</b>                   | <b>219,063</b>  | <b>201,384</b>  |

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 £15.94m (PCC £3.566m) (2016/17 £36.85m PCC £14.1m)

*Reconciliation of present value of scheme liabilities*

| <b>PCC</b>   | <b>2017/18</b>  | <b>2016/17</b>  |
|--|-----------------|-----------------|
| <b>LGPS</b>  | <b>£'000</b>    | <b>£'000</b>    |
| Balance at 1 April / acquired by PCC                                     | (48,535)        | (34,185)        |
| Intragroup transfer  | -               | -               |
| Current service cost   | (1,896)         | (1,101)         |
| Interest cost  | (1,264)         | (1,167)         |
| Contributions by scheme participants                                     | (464)           | (388)           |
| Remeasurement gains and (losses):  |                 |                 |
| - Actuarial gains/losses arising from changes in demographic assumptions | -               | (438)           |
| - Actuarial gains/losses arising from changes in financial assumptions   | -               | (10,533)        |
| - Other  | (240)           | (2,785)         |
| Benefits paid  | 341             | 2,062           |
| Curtailment cost   | -               | -               |
| Past service costs   | (31)            | -               |
| <b>Balance at 31 March</b>   | <b>(52,089)</b> | <b>(48,535)</b> |

*Reconciliation of fair value of the scheme assets*

| <b>PCC</b>  | <b>2017/18</b> | <b>2016/17</b> |
|---|----------------|----------------|
| <b>LGPS</b>   | <b>£'000</b>   | <b>£'000</b>   |
| Balance at 1 April  | 45,053         | 32,031         |
| Intragroup transfer   | -              | -              |
| Interest on plan assets   | 1,177          | 1,104          |
| Administration expenses   | (26)           | (22)           |
| Remeasurement gains and (losses):   |                |                |
| - The return in plan assets excluding the amount included in the net interest expense | 2,389          | 12,953         |
| - Actuarial gains/losses arising from changes in demographic assumptions              | -              | -              |
| - Actuarial gains/losses arising from changes in financial assumptions                | -              | -              |
| Employer contributions  | 290            | 661            |
| Contributions by scheme participants  | 464            | 388            |
| Benefits paid   | (341)          | (2,062)        |
| <b>Balance at 31 March</b>  | <b>49,006</b>  | <b>45,053</b>  |

**Scheme History**

| <b>Group</b>                            | <b>2017/18</b>     | <b>2016/17</b>     | <b>2015/16</b>     | <b>2014/15</b>     | <b>2013/14</b>     |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
|   | <b>£'000</b>       | <b>£'000</b>       | <b>£'000</b>       | <b>£'000</b>       | <b>£'000</b>       |
| <b>Present value of liabilities:</b>    |                    |                    |                    |                    |                    |
| LGPS                                    | (243,680)          | (228,428)          | (174,993)          | (179,142)          | (136,236)          |
| Police Pension Scheme 1987              | (1,541,204)        | (1,551,584)        | (1,289,923)        | (1,452,368)        | (1,274,348)        |
| Police Pension Scheme 2006              | (52,070)           | (48,160)           | (31,990)           | (32,070)           | (22,740)           |
| Police Pension Scheme 2015              | (53,500)           | (34,760)           | (10,940)           | -                  | -                  |
| <b>Total liabilities</b>                | <b>(1,890,454)</b> | <b>(1,862,932)</b> | <b>(1,507,846)</b> | <b>(1,663,580)</b> | <b>(1,433,324)</b> |
| <b>Fair value of assets (LGPS):</b>     | <b>219,063</b>     | <b>201,384</b>     | <b>163,511</b>     | <b>161,667</b>     | <b>129,407</b>     |
| <b>Surplus/(deficit) in the scheme:</b> |                    |                    |                    |                    |                    |
| LGPS                                    | (24,617)           | (27,044)           | (11,482)           | (17,475)           | (6,829)            |
| Police Pension Scheme 1987              | (1,541,204)        | (1,551,584)        | (1,289,923)        | (1,452,368)        | (1,274,348)        |
| Police Pension Scheme 2006              | (52,070)           | (48,160)           | (31,990)           | (32,070)           | (22,740)           |
| Police Pension Scheme 2015              | (53,500)           | (34,760)           | (10,940)           | -                  | -                  |
| <b>Total</b>                            | <b>(1,671,391)</b> | <b>(1,661,548)</b> | <b>(1,344,335)</b> | <b>(1,501,913)</b> | <b>(1,303,917)</b> |

|   |                |                |
|---|----------------|----------------|
| <b>PCC</b>                              | <b>2017/18</b> | <b>2016/17</b> |
| <b>LGPS</b>                             | <b>£'000</b>   | <b>£'000</b>   |
| Present value of liabilities            | (52,089)       | (48,535)       |
| <b>Fair value of assets:</b>            | <b>49,006</b>  | <b>45,053</b>  |
| <b>Surplus/(deficit) in the scheme:</b> | <b>(3,083)</b> | <b>(3,482)</b> |

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 £1.671m (2016/17 £1,662m). 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 2018/19 and the weighted average duration of the defined benefit obligations for scheme members, as provided by the Actuary, are as follows:

#### Group

| <b>Scheme</b>                          | <b>Percentage of Pensionable Pay</b> | <b>Weighted Average Duration</b> |
|--|--------------------------------------|----------------------------------|
| Local Government Pension Scheme (LGPS) | 4.5% / 11.3 %                        | 24/25.5years                     |
| Police Pension Scheme 1987             | 67.4%                                | 19 years                         |
| Police Pension Scheme 2006             | 53.5%                                | 33 years                         |
| Police Pension Scheme 2015             | 46.9%                                | 32 years                         |

#### PCC

| <b>Scheme</b>                          | <b>Percentage of Pensionable Pay</b> | <b>Weighted Average Duration</b> |
|--|--------------------------------------|----------------------------------|
| Local Government Pension Scheme (LGPS) | 4.5%                                 | 24 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 2017/18 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2018:

| <b>Group</b>   | <b>2017/18</b> | <b>2016/17</b> | <b>2015/16</b> | <b>2014/15</b> | <b>2013/14</b> |
|--|----------------|----------------|----------------|----------------|----------------|
|  | <b>%</b>       | <b>%</b>       | <b>%</b>       | <b>%</b>       | <b>%</b>       |
| <b>Differences between the expected and actual return on assets:</b> |                |                |                |                |                |
| Percentage of scheme assets  | <b>4.9%</b>    | 15.4%          | (3.2%)         | 9.0%           | 12.3%          |
| <b>Experience gains and losses on liabilities:</b>                   |                |                |                |                |                |
| Percentage of scheme liabilities                                     | <b>(0.7%)</b>  | (0.9%)         | (2.2%)         | (1.9%)         | (1.3%)         |

#### PCC

|  |                |                |
|--|----------------|----------------|
|  | <b>2017/18</b> | <b>2016/17</b> |
|  | <b>%</b>       | <b>%</b>       |
| <b>Differences between the expected and actual return on assets:</b> |                |                |
| Percentage of scheme assets  | <b>4.9%</b>    | 28.8%          |
| <b>Experience gains and losses on liabilities:</b>                   |                |                |
| Percentage of scheme liabilities                                     | <b>(0.5%)</b>  | 5.7%           |

The Group expects to make employer contributions of £3.625m (PCC £0.268m) to the Local Government Pension Scheme in the year to 31 March 2019. Employer contributions to the Police Pension Schemes in the same period are expected to be £12.271m.

### 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 2017.

The principal assumptions used by the actuaries have been:

|   | Local Government Pension Scheme |          | Police Pension Schemes |          |
|---|---------------------------------|----------|------------------------|----------|
|   | Group & PCC                     |          | Group Only             |          |
|   | 2017/18                         | 2016/17  | 2017/18                | 2016/17  |
| <i>Mortality assumptions:</i>           |                                 |          |                        |          |
| Longevity at 65 for current pensioners: |                                 |          |                        |          |
| Men                                     | 22.9 yrs                        | 22.8 yrs | 22.6 yrs               | 23.2 yrs |
| Women                                   | 26.4 yrs                        | 26.3 yrs | 24.2 yrs               | 25.2 yrs |
| Longevity at 65 for future pensioners   |                                 |          |                        |          |
| Men                                     | 25.1 yrs                        | 25.0 yrs | 24.5 yrs               | 25.2 yrs |
| Women                                   | 28.7 yrs                        | 28.6 yrs | 26.1 yrs               | 27.3 yrs |
| Rate of inflation                       | 2.00 %                          | 2.00 %   | 2.30 %                 | 2.35%    |
| Rate of increase in salaries            | 3.25 %                          | 3.25 %   | 4.30 %                 | 4.35%    |
| Rate of increase in pensions            | 2.00 %                          | 2.00 %   | 2.30 %                 | 2.35%    |
| Rate for discounting scheme liabilities | 2.60 %                          | 2.60 %   | 2.55 %                 | 2.65%    |
| Rate of CARE revaluation                | N/A                             | N/A      | 3.55 %                 | 3.60 %   |

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      | PCC        | Group      | PCC        |
|---------------------------|------------|------------|------------|------------|
|                           | 2017/18    | 2017/18    | 2016/17    | 2016/17    |
|                           | %          | %          | %          | %          |
| Cash and Cash Equivalents | -          | -          | -          | -          |
| Government Bonds          | 16         | 16         | 14         | 14         |
| Corporate Bonds           | -          | -          | 3          | 3          |
| Property - UK             | 8          | 8          | 9          | 9          |
| Private Equity            | 65         | 65         | 65         | 65         |
| Diversified Growth Fund   | 11         | 11         | 9          | 9          |
| <b>Total Assets</b>       | <b>100</b> | <b>100</b> | <b>100</b> | <b>100</b> |

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 2020.



## 29. Contingent Assets and Liabilities

Note 27 (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. Claims of unlawful discrimination have also been made in relation to the changes to the Judiciary and Firefighters Pension regulations and in 2016/17 these claims were heard in the Employment Tribunal. In 2017/18 the Judiciary and Firefighter claims were heard in the Appeal Tribunal. Subsequent to this the respondents are appealing against the Appeal Tribunal judgements. In the case of the Firefighters the claimants are also appealing against aspects of the judgement. The outcome of these further appeals may influence the outcome of the Police claims. The Tribunal has agreed to stay the Police hearing and the Home Office has requested that the stay is extended in light of the further appeals. In the event that the Police claims are successful it is unclear what remedy would be applied, whether this would require further legislation and who it would impact.

Given the fact that the Judiciary and Firefighter claims are subject to further appeal and the Police claims are yet to be heard, and the uncertainty regarding remedy and quantum at this point in time it is not possible to provide an estimate of the financial effect in the event that the claims are partially or fully successful. For these reasons, no provision has been made in the 2017/18 Accounting Statements.

### Special Police Grant

During 2017/18 the Group incurred significant expenditure policing the protests arising from fracking activities in the County. The Police and Crime Commissioner intends to submit a claim for Special Policing Grant in respect of this expenditure. Given the uncertainty about the success and quantum of this claim no provision has been made in the 2017/18 Accounting Statements.



**30. 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.

**31. Net Cash Flows from Operating Activities**

Net Cash Flows from Operating Activities include:

| <b>Group and PCC</b> | <b>2017/18</b> | <b>2016/17</b> |
|----------------------|----------------|----------------|
|                      | <b>£'000</b>   | <b>£'000</b>   |
| Interest received    | <u>40</u>      | <u>125</u>     |
| Interest paid        | <u>7</u>       | <u>14</u>      |

**32. Net Cash Flows from Investing Activities**

| <b>Group and PCC</b>  | <b>2017/18</b>      | <b>2016/17</b>       |
|---|---------------------|----------------------|
|   | <b>£'000</b>        | <b>£'000</b>         |
| Purchase of Property, Plant and Equipment, Investment Property, Intangible Assets and Assets under Construction | 8,586               | 11,595               |
| Purchase of Short-Term Investments  | 7,000               | 23,000               |
| Proceeds from the sale of Property, Plant and Equipment and Assets Held for Sale                                | (916)               | (364)                |
| Proceeds from Short-Term Investments  | (7,000)             | (23,000)             |
| <b>Net Cash Flows from Investing Activities</b>   | <u><b>7,670</b></u> | <u><b>11,231</b></u> |

**33. Net Cash Flows from Financing Activities**

| <b>Group and PCC</b>  | <b>2017/18</b>   | <b>2016/17</b>    |
|---|------------------|-------------------|
|   | <b>£'000</b>     | <b>£'000</b>      |
| Cash receipts of short-term and long-term borrowing                                       | -                | -                 |
| Cash payments for the reduction of the outstanding liabilities relating to finance leases | 34               | 135               |
| Repayments of short-term and long-term borrowing  | -                | -                 |
| <b>Net Cash Flows from Financing Activities</b>   | <u><b>34</b></u> | <u><b>135</b></u> |

**34. 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 PCC purchases the services of her Acting Chief Executive Officer from the Police and Crime Commissioner from West Yorkshire and her Chief Finance Officer from the Police and Crime Commissioner for Cleveland. Details of the cost of the provision of these Key Management Personnel are provided in Note 13(d)

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 11 and 14(f). Grant receipts outstanding at 31 March 2018 are included in Debtors (Note 23).

## 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 12. Transactions with the Police and Crime Commissioners in respect of Regional Collaboration are set out in Note 15(b). The amounts owing to and from Other Local Authorities at the balance sheet date are included in Debtors (Note 23) and Creditors (Note 26).

## 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 13) 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 13(d).

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 2017/18 the Group incurred total subscription and conference costs from these organisations of £51k (PCC £22k) (2016/17 £32k, PCC £22k). £nil (PCC £nil) was outstanding at 31 March 2018 (31 March 2017 £nil, PCC £nil).

The Group received income to a value of £243k (PCC £243k) (2016/17 £277k, PCC £277k) and purchased services to a value of £965k (PCC £965k) (2016/17 £922k, PCC £922k) 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 2018 £nil (PCC £nil) (31 March 2017 £nil, PCC £nil) was owed by the Group to these organisations.

The Group previously provided accounting services to organisations in which senior officers had positions on the governing body. As at the 31 March 2018 £Nil (PCC £Nil) (31 March 2017 £37k, PCC £4k)

## Pension Schemes

Transactions with Pension Schemes are set out in Note 28.

## 35. 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 2017/18 on 28 February 2017. The key issues within the Strategy were:

- The Authorised Limit for 2017/18 was set at £11.3m. This was the maximum limit of external borrowings or other long-term liabilities;
- The Operational Boundary was expected to be £8.3m. 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 2017/18 was approved by the Commissioner on 28 February 2017. 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 £5m (2016/17 £15m) 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 2018 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 2018 | 31 March 2017 | 31 March 2018                    | 31 March 2017 | 31 March 2018                         | 31 March 2017 |
|   | £'000         | £'000         | %                                | %             | £'000                                 | £'000         |
| Cash and cash equivalents                         | 4,749         | 15,065        | -                                | -             | -                                     | -             |
| Other debtors and amounts owed by related parties | 11,303        | 10,397        | -                                | -             | -                                     | -             |
| <b>Total</b>                                      | <b>16,052</b> | <b>25,462</b> |                                  |               | <b>-</b>                              | <b>-</b>      |

| PCC   | Total         |               | Historical experience of default |               | Estimated maximum exposure to default |               |
|---|---------------|---------------|----------------------------------|---------------|---------------------------------------|---------------|
|   | 31 March 2018 | 31 March 2017 | 31 March 2018                    | 31 March 2017 | 31 March 2018                         | 31 March 2017 |
|   | £'000         | £'000         | %                                | %             | £'000                                 | £'000         |
| Cash and cash equivalents                         | 4,733         | 15,049        | -                                | -             | -                                     | -             |
| Other debtors and amounts owed by related parties | 14,634        | 13,132        | -                                | -             | -                                     | -             |
| <b>Total</b>                                      | <b>19,367</b> | <b>28,181</b> |                                  |               | <b>-</b>                              | <b>-</b>      |

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 23.

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 25.

## 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:

|  | 2017/18<br>Group and PCC<br>£'000 |
|--|-----------------------------------|
| Increase in interest receivable on variable rate investments | 99                                |

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 21 - 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 2018**

|   | 2017/18<br>£'000 | 2016/17<br>£'000 |
|---|------------------|------------------|
| <b>Contributions receivable</b>   |                  |                  |
| From Employer   |                  |                  |
| Normal  | (11,377)         | (11,748)         |
| Early retirement  | -                | -                |
| Reimbursement of unabated pensions of '30+' Police Officers   | -                | -                |
|   | (11,377)         | (11,748)         |
| From Members  | (6,671)          | (6,727)          |
|   | (18,048)         | (18,475)         |
| <b>Transfers in</b>   |                  |                  |
| Individual transfers from other schemes   | (712)            | (236)            |
| Received from other PCCs re pre-1974 pensioners   | -                | -                |
| <b>Benefits payable</b>   |                  |                  |
| Pensions  | 35,299           | 33,802           |
| Commutations and lump sum retirement benefits   | 9,550            | 10,354           |
| Lump sum death benefits   | -                | -                |
| <b>Payments to and on account of leavers</b>  |                  |                  |
| Refunds of contributions  | 10               | 2                |
| Individual transfers out to other schemes   | -                | -                |
| Paid to other PCCs re pre-1974 pensioners   | -                | -                |
| <b>Deficit for the year before transfer from the Police and Crime Commissioner of amount equal to the deficit</b> | <b>26,099</b>    | <b>25,447</b>    |
| Additional contributions payable by the employer  | (1,426)          | (1,431)          |
| Additional funding payable by the PCC to fund the deficit for the year  | (24,673)         | (24,016)         |
| <b>Net amount payable/receivable for the year</b>   | <b>-</b>         | <b>-</b>         |

**POLICE PENSION FUND NET ASSETS STATEMENT**  
**at 31 March 2018**

|                   |        | 31 March 2018<br>£'000 | 31 March 2017<br>£'000 |
|-------------------|--------|------------------------|------------------------|
| Current Debtors   | Note 5 | 14                     | 14                     |
| Total Assets      |        | 14                     | 14                     |
| Current Creditors | 6      | (14)                   | (14)                   |
| <b>Net Assets</b> |        | <b>-</b>               | <b>-</b>               |

## 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% and 15.05% 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 2018, 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 2016) and updated to the balance sheet date, are disclosed below:

|   | 31 March 2018    | 31 March 2017    |
|---|------------------|------------------|
|   | £'000            | £'000            |
| Police Pension Scheme 1987                | 1,541,204        | 1,551,584        |
| Police Pension Scheme 2006                | 52,070           | 48,160           |
| Police Pension Scheme 2015                | 53,500           | 34,760           |
| <b>Total present value of liabilities</b> | <b>1,646,774</b> | <b>1,634,504</b> |

Full details of the liabilities for retirement benefits attributable to the Group at 31 March 2018, and of the basis for assessing those liabilities, are included in Note 26 to the Group Accounts.

| <b>5. Debtors</b>                    | <b>31 March 2018</b> | <b>31 March 2017</b> |
|--------------------------------------|----------------------|----------------------|
|                                      | <b>£'000</b>         | <b>£'000</b>         |
| Short Term - Other Local Authorities | 14                   | 14                   |
|                                      |                      |                      |
| <b>6. Creditors</b>                  | <b>31 March 2018</b> | <b>31 March 2017</b> |
|                                      | <b>£'000</b>         | <b>£'000</b>         |
| Short Term - General                 | 14                   | 14                   |
|                                      |                      |                      |



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## 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:** Current assets are items that can be readily converted into cash. Current liabilities are items that are due immediately or in the short term.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS):** Standards and Interpretations adopted by the International Accounting Standards Board (IASB). They comprise:

- (a) International Financial Reporting Standards;
- (b) International Accounting Standards; and
- (c) Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).

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

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

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

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

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

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

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

**OUTTURN:** The actual amount spent in the financial year.

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

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

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

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

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

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

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

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

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

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

**RESERVES:** Monies set aside 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                 |
| SYPC   | 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            |