



# **Statement of Accounts 2018 – 2019**

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**The Chief Constable of  
North Yorkshire Police**

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

### 1. Introduction

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

This is the 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). On 15th November 2018 NYPCC became the Police Fire and Crime Commissioner for North Yorkshire (NYPFCC).

The financial statements presented here represent accounts for CCNY. NYPFCC has been identified as the parent organisation of CCNY and these accounts are included in the consolidated group accounts of NYPFCC.

The accounts for the year ended 31 March 2019 are presented in the format laid down in "The Code of Practice on Local Authority Accounting in the United Kingdom" (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The statements included in the accounts are as follows:

#### **Statement of Responsibilities for the Statement of Accounts**

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

#### **Movement in Reserves Statement**

This Statement shows the movement from the start of the year to the end on the different reserves held by CCNY, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves. This statement shows how the movements in year of CCNY'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 by the NYPFCC. Police Fire and Crime Commissioner's raise taxation to cover expenditure of the CCNY in accordance with regulations and this may be different from the accounting cost.

#### **Balance Sheet**

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by CCNY. The net assets (assets less liabilities) are matched by the reserves. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that may be used to provide services. CCNY does not hold any usable reserves. The second category of reserves is those that CCNY is not able to use to provide services. This category of reserves includes reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis".

### Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of CCNY during the reporting period. The statement shows how CCNY 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 CCNY are funded by the NYPFCC or from the recipients of services provided. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to future service delivery.

### 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 2018/19: Revenue

CCNY incurred revenue expenditure during the year. Revenue expenditure is generally spent on items which are consumed within the financial year and is financed by NYPFCC 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 £121m, comprising expenditure budget of £129.5m and income of £8.5m.

CCNY position against the main budget headings is shown below:

**Table 1**

	Budget	Outturn	(Over)/ Under Spend
	£'000	£'000	£'000
<b>CCNY</b>			
Other income	(8,458)	(9,794)	1,336
Salary Costs	110,473	107,493	2,980
Other non Salary employee costs	1,600	1,659	(59)
Police Officers' Ill-Health Pensions paid by the Group	3,699	3,640	59
Premises costs	76	83	(7)
Supplies & Services	12,226	12,499	(273)
Transport	1,894	1,876	18
Financial Costs	(464)	1,609	(2,073)
<b>Cost of Services</b>	<b>129,504</b>	<b>128,859</b>	<b>645</b>
<b>Net Cost of Services</b>	<b>121,046</b>	<b>119,065</b>	<b>1,981</b>
Sources of Finance: NYPCC	(121,046)	(119,065)	(1,981)
<b>Surplus or (Deficit) on the provision of services</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Overall Position

Her Majesty's Inspectorate of Constabulary FRS (HMICFRS) Police Effectiveness Efficiency and Legitimacy (PEEL) report published in 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 HMIC 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 acknowledged 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 local authorities, 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 activities we are taking to support and safeguard victims of domestic abuse. The Force has pushed that even further during the year, as more body-worn cameras have been rolled out across the frontline, which will help gather evidence against offenders even when the victim is reluctant to press charges.

During the year North Yorkshire Police produced the first Force Management Statement (FMS) which set out the core building blocks of service in that North Yorkshire Police will provide:

- Accountable to the people we serve
- Local, tailored to our society's complex and diverse needs, with the delivery of public protection being informed by community priorities and robust evidence-based analysis of public and policing need.
- Able to respond to existing and emerging crime types, focused on preventing vulnerability and harm
- At the forefront of digital policing, always seeking to improve the productivity and capacity of our officers, staff and volunteers
- Able to attract and retain a diverse workforce of confident and well supported professionals, able to operate with a high degree of autonomy and accountability.

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 published in January 2019, which have again confirmed North Yorkshire as one of the safest and lowest crime place in England.

Since launching its new Children and Young People Strategy in January 2018, CCNY has made significant improvements to the policing offer to young people including:

- the launch of a new handbook and resource set to provide guidance to officers and PCSOs on effective working in schools;
- delivery of enhanced hate crime training for officers and staff to ensure that young people with mental health and well-being issues resulting from prejudice can be identified and supported early;
- Working with NYPFCC Commissioned Services Team to provide independent reporting for victims of hate crime through the Supporting Victims Service and True Vision.

In July 2018 the group launched new facilities in the Force Control Room to support improved public contact and staff welfare - the result of a £500k investment by NYPFCC. The facilities included updated IT facilities, a bespoke training facility, a dedicated briefing room, and break-out space for call-handlers.

In September 2018 we completed our Modern Management of Information project, which involved the digitization of millions of historical paper records to create a paperless electronic system of record access.

In November 2018 a new Multi-Agency Tasking and Coordination team (MATAC) team was launched as part of a new strategy to tackle domestic abuse. The team uses innovative methods to identify potential offenders and take action to disrupt their offending behaviour through a range of tactics across all relevant public service agencies.

Throughout the period, CCNY has continued to engage in significant collaborative activities in order to drive efficiencies and improve service. In November 2018 the Police and Crime Commissioner took on responsibility for North Yorkshire Fire and Rescue Service with the aim of increasing collaboration between Police and Fire Services and reducing costs. This change of governance created the opportunity to bring the “back-office” staff together as a single team called Enable North Yorkshire. The groundwork for this collaboration was developed in 2018 and early 2019, and was launched on 1 April 2019. Other collaborations included joint working with Yorkshire and the Humber Forces and Cleveland Police (as outlined in the Statement of Accounts Note 10b), investments into research projects with local universities, co-location arrangements with local partnership such as North Yorkshire County Council, and participation in national schemes such as the National Police Air Service.

In December 2018 a Positive Action Coordinator was appointed to enhance recruitment and career progression amongst black and minority ethnic communities, women and the LGBT+ community - particularly for uniformed roles. This appointment is part of a continuing wider programme to increase diversity across the Force.

In the latter half of 2018 we commenced the first stages of Transform 2020 - a major programme of work to increase the efficiency and affordability of the service for the future via SIMPLIFY, STANDARDISE and SHARE. This included developing and consulting upon plans for streamlining systems and structures in the enabling services departments and the Force Control Room, and these plans will be put into effect in the 2019/20 financial year and beyond. A business case for a pilot Public Safety Service model was also created, which will provide the blueprint for the development of place-based partnerships to tackle community safety issues.

In March 2019 we commenced the roll-out of updated computer operating systems across the Force - an initiative that will take 12 months to complete. The changes will deliver improved browser access and core system functionality across the organisation.

In January 2019 a new campaign was launched to encourage people who may be victims of stalking to speak up about incidents that cause them concern. The “No matter how small” campaign sought to raise awareness of different types of stalking and to help people to recognise the signs.

North Yorkshire Police have joined with other forces across the UK through Project Servator to help show communities how they can make a difference to help defeat Terrorism. This, along with work in key sectors like retail, vehicle industry, sport and entertainment, has contributed to a steady increase in the number and quality of intelligence reports that have been of help to Counter Terrorism Policing.

#### **Other income**

In total CCNY received £1,336k more income than was expected.

The recharges made for speed awareness courses were responsible for an underachievement of income of £390k. This much improved outturn against budget compared to 2017/18 is in part due to a more realistic budget being set, offset by vacancies in the team which resulted in an average of 2 of the 12 vans being off the road for most of the year.

A change in the accounting standard for recognition of income as resulted in a one off increase in income included in the accounts from firearms licences.

Unbudgeted income from the NETIC forces of £408k to meet the costs of the collaboration is offset by costs included in supplies and services.

Unbudgeted support provided to other forces through Mutual Aid generated £311k during the year, however this is offset by £115k of unbudgeted overtime costs.



## Salary Costs

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

**Table 2**

	Budget	Outturn	(Over)/ Under Spend
CCNY	£'000	£'000	£'000
Police Salaries	73,541	70,748	2,793
PCSO Salaries	6,577	6,523	54
Staff Salaries	27,953	28,051	(98)
Leavers Costs	-	-	-
Overtime	2,402	2,171	231
<b>Total Employee Costs</b>	<b>110,473</b>	<b>107,493</b>	<b>2,980</b>

A breakdown of the number of employees of each gender, and the number of persons of each gender who are Senior Managers is provided in Note 8(e) to the Accounts.

### Police Salary related costs

The 2018/19 budget was based on having an average of 1,380 fte Police Officers throughout the year, as the Force moved towards having a full establishment of 1,400 fte Police Officers. There were 1,381 fte Officers in place at the end of 2018/19, an increase of 38 over the year. The average number of Police Officers employed during 2018/19 being 1,353 fte.

128 fte officers have been recruited during the year, including 30 officers starting in March 2019.

The average of 27 additional vacancies, taken with a reduced average costs because of leavers at rank being replaced with Constables has resulted in an underspend.

### PCSO Pay

A successful PCSO recruitment programme means that the average number of PCSOs employed throughout 2018/19 was only very slightly lower than budget, at 198.3 fte against a budget of 200 fte.

### Staff Pay

The 2018/19 Budget was based on having an average of 886 fte staff throughout the year, after deducting 73 fte posts to be held vacant in advance of the Transform 2020 programme, in order to support a balanced position in 2018/19. In the event, the average number employed was 883 fte.

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.

## Overtime

Overtime has underspent overall by £231k. This contrasts sharply with the significant overspend in 2017/18, and reflects significant work during the year to better manage within the resources available. The underspend is reflected in a reduction in the numbers of officers and staff receiving remuneration of more than £50k (see note 8(e)).

## Police 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. This is a volatile area of spend, vulnerable to fluctuation dependent on the circumstances of individual officers, and the underspend of £59k has been transferred to a reserve, to be brought back to mitigate against any overspend in future years.

## Supplies and Services

The overspend overall arises from a number of areas:

- costs of meeting increased demand in the Digital Forensics Unit (DFU)
- costs of the regional NETIC team, which are met by NYP as lead force but recovered as income from the other forces.

Offset by savings on postage costs and on stationery.

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

There has also been a transfer of £1,609k to top up the Insurance Provisions (see Note 16).

## 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. Police and Crime Plan and Annual Report

The Police Fire 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 Fire 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.

### **5. Pensions**

As part of the terms and conditions of officers and employees, CCNY offers retirement benefits in accordance with national agreements and schemes and participates in a number of pension schemes and is detailed in Note 28.

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

Although pension benefits will not actually be payable until employees retire, CCNY has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement and details are provided in Statement of Accounts Note 17. The liabilities show the underlying commitments that CCNY has in the long run to pay retirement benefits. The total liability has a substantial impact on the net worth of CCNY as recorded in the Balance Sheet and results in a negative overall balance. However, statutory arrangements for funding the deficit mean that the financial position of CCNY remains healthy.

### **6. Provisions and Contingencies**

Details are provided in Statement of Accounts Notes 16 and 18.

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

The Chief Constable and the Police Fire 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.

## 8. 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 2018/19.

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 CCNY's accounts and supporting documents, and to question the auditor, or make objections to the matters contained in them. The times at which the accounts are deposited for inspection are advertised 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 CCNY's external auditors are:

Mazars  
Salvus House  
Aykley Heads  
Durham  
DH1 5TS



Jane Palmer FCA  
Chief Constable's Chief Finance Officer of North Yorkshire  
Date: 31st May 2019

## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### The Responsibilities of the Chief Constable of North Yorkshire

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

### The Responsibilities of the Chief Constable's Chief Finance Officer

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

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

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

The Chief Finance Officer has also:

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

### Certificate by the Chief Constable's Chief Finance Officer

I certify that the Statement of Accounts has been prepared in accordance with proper accounting practice and presents a true and fair view of the financial position of the Chief Constable of North Yorkshire at 31 March 2019, and its income and expenditure for the year then ended.



Jane Palmer FCA  
Chief Constable's Chief Finance Officer of North Yorkshire  
Date: 31st May 2019

## MOVEMENT IN RESERVES STATEMENT for the YEAR ENDED 31 March 2019

	Note	General Fund Balance £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves £'000
<b>Balance at 1 April 2017</b>		-	-	(1,659,205)	(1,659,205)
<b>Total Comprehensive income and expenditure</b>		(62,933)	(62,933)	51,941	(10,992)
Adjustments between accounting basis & funding basis under regulations	1	62,933	62,933	(62,933)	-
Intragroup transfers of net pension liabilities					-
<b>Net increase/(decrease)</b>		-	-	(10,992)	(10,992)
<b>Balance at 31 March 2018</b>		-	-	(1,670,197)	(1,670,197)
<b>Total Comprehensive income and expenditure</b>		(60,290)	(60,290)	(9,736)	(70,026)
Adjustments between accounting basis & funding basis under regulations	1	60,290	60,290	(60,290)	-
<b>Net increase/(decrease)</b>		-	-	(70,026)	(70,026)
<b>Balance at 31 March 2019</b>		-	-	(1,740,223)	(1,740,223)

An analysis of Unusable Reserves is provided in Note 4 to the accounts.

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT for the Year Ended 31 March 2019**

		<b>2018/19</b>	<b>2017/18</b>
		<b>Income/ Expenditure</b>	<b>Income/ Expenditure</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
Other Income		(9,794)	(7,543)
Salary Costs		132,396	132,925
Other non Salary employee costs		1,870	2,543
Police Injury Pension Costs		3,640	3,810
Premises Costs		4,036	4,563
Supplies and Services		20,941	20,130
Transport Costs		2,681	2,917
Financial Costs		8,370	12,348
Project Costs		2,775	5,049
<b>Cost of Police Services</b>		<b>166,915</b>	<b>176,742</b>
Non-Distributed Costs:			
* Past Service Costs	17	-	1,145
* Intragroup Funding	6	(148,933)	(158,668)
<b>Net Cost of Services</b>		<b>17,982</b>	<b>19,219</b>
Financing and Investment Income and Expenditure	7	42,308	43,714
<b>(Surplus) or Deficit on the Provision of Services</b>		<b>60,290</b>	<b>62,933</b>
<b>Other Comprehensive Income and expenditure</b>			
(Surplus) or deficit on remeasurments of defined benefit liability	4a	9,736	(51,941)
<b>Other Comprehensive (Income) and Expenditure</b>		<b>9,736</b>	<b>(51,941)</b>
<b>Total Comprehensive (Income) and Expenditure</b>		<b>70,026</b>	<b>10,992</b>

*A comparison between expenditure funded by NYPCC 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 2019**

	Note	31 March 2019 £'000	31 March 2018 £'000
<b>Current Assets</b>			
Inventories	12	240	265
Short-term Debtors	13	14,057	17,133
Cash and Cash Equivalents	14	16	16
<b>Total Current Assets</b>		<b>14,313</b>	<b>17,414</b>
<b>Total Assets</b>		<b>14,313</b>	<b>17,414</b>
<b>Current Liabilities</b>			
Short-term Creditors	15	(12,819)	(16,799)
Short-term Provisions	16	(1,875)	(1,470)
<b>Total Current Liabilities</b>		<b>(14,694)</b>	<b>(18,269)</b>
<b>Long-Term Liabilities</b>			
Long-term Provisions	16	(1,201)	(1,034)
Pension Fund Liability	17	(1,738,641)	(1,668,308)
<b>Total Long-Term Liabilities</b>		<b>(1,739,842)</b>	<b>(1,669,342)</b>
<b>Net Assets (Liabilities)</b>		<b>(1,740,223)</b>	<b>(1,670,197)</b>
<b>Reserves</b>			
<b>Unusable Reserves</b>			
Pensions Reserve	4	(1,738,641)	(1,668,308)
Accumulated Absences Account	4	(1,582)	(1,889)
<b>Total Unusable Reserves</b>		<b>(1,740,223)</b>	<b>(1,670,197)</b>
<b>Total Reserves</b>		<b>(1,740,223)</b>	<b>(1,670,197)</b>



## CASH FLOW STATEMENT for the YEAR ENDED 31 March 2019

	Note	2018/19 £'000	2017/18 £'000
<b>Net deficit / (surplus) on the provision of services</b>		<b>60,290</b>	<b>62,933</b>
<i>Adjustments to net deficit / (surplus) on the provision of services for non-cash movements:</i>			
(Increase) / decrease in provisions		(572)	(489)
Movement in pension liability		(60,597)	(62,183)
Increase / (decrease) in debtors		(3,075)	1,979
(Increase) / decrease in creditors		3,980	(2,319)
Increase / (decrease) in inventories		(26)	79
		<b>(60,290)</b>	<b>(62,933)</b>
<i>Adjustments for items included in the net deficit / (surplus) on the provisions of services that are investing and financing activities:</i>			
Net Cash Flows from Operating Activities		-	-
<b>Net (increase) / decrease in cash and cash equivalents</b>		<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	14	16	16
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>14</b>	<b>16</b>	<b>16</b>

## ACCOUNTING POLICIES for the YEAR ENDED 31 March 2019 for the CHIEF CONSTABLE of NORTH YORKSHIRE

### 1. General and Changes in Accounting Policy

These financial statements are prepared in accordance with the Accounts and Audit (England) Regulations 2015 and proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code) and the Service Reporting Code of Practice for Local Authorities 2018/19 (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 NYPFCC from the Police Fund and all income and funding is received by NYPFCC. NYPFCC 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 NYPFCC 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 NYPFCC for the day to day provision of policing functions, including the direction and control of police officers. Staff providing Corporate Support Services (comprising Information Communications and Technology, Estates, Transport and Logistics, Corporate Communications, Legal Services and Finance) are under the direction and control of NYPFCC.

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 NYPFCC single entity CIES, and is then recharged to CCNY, so that all of the cost of Police Services appears in the CCNY CIES. The cost of Police Services is funded by a recharge to NYPFCC.

#### ***Intra-Group Charges***

NYPFCC makes charges to CCNY:

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

CCNY makes charges to NYPFCC:

- for the cost of policing services.

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

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

#### 4. Accruals Basis for Income and Expenditure

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

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

#### 5. Grants and Contributions

Whether paid on account, by instalments or in arrears, 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 contributions will be received.

Amounts recognised as due are not credited to the CIES until conditions attached to the contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential 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 contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the contribution is credited to the relevant service line in the CIES.

##### ***Police Pension Top-Up Grant***

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

#### 6. Employee Benefits

##### ***Short-Term Employee Benefits***

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

##### ***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 CCNY - 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 CCNY, 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 CCNY of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited or credited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs;
  - Actuarial gains/losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Pensions Reserve;
  - Contributions paid to the fund - cash paid as employer's contributions to the pension fund in settlement of liabilities - not accounted for as an expense.

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

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

## 7. Value Added Tax (VAT)

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

## 8. Overheads and Support Services

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

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

This cost category is defined in SeRCOP.

## 9. Segmental Reporting

Decisions about resource allocation within CCNY 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 pensions contributions rather than the current service cost of benefits accrued during the year. Segment information in these financial statements is based on CCNY'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.

## 10. Jointly Controlled Operations - Regional Working

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

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

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

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

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

## 11. Charges for the Long-Term Use of Assets

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

Based on the statutory powers and responsibilities as designated by the Act, and the local agreements and practice in place, and taking account of the guidance included in the Code, it has been determined that all the Long-Term Assets are recognised on the NYPFCC Balance Sheet.

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

## 12. Inventories

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

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

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

## 13. Debtors

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

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

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

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

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

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

## 14. Cash and Cash Equivalents

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

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

## 15. Creditors

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

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

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

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

## 16. Financial Instruments

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

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

### **Financial Liabilities**

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

CCNY has not given any financial guarantees.

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

### **Financial Assets**

Financial assets are classified into two types:

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

### **Loans and Receivables**

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

### **Immaterial Transaction Costs**

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

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

CCNY has not transferred any financial assets.

### **Compliance**

In compliance with CIPFA guidance, CCNY has:

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

## **17. Provisions, Contingent Liabilities and Contingent Assets**

### **Provisions**

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

Provisions are charged to the appropriate service line in the CIES in the year CCNY 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 CCNY. 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 CCNY.

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



**18. Leasing**

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

CCNY does not have any finance leases.

***Operating Leases***

Rentals payable under operating leases are charged to the CIES on a straight-line basis over the term of the relevant lease, even where this does not match the pattern of payments.

Benefits receivable as an incentive to enter into an operating lease are included within deferred income and recognised in the CIES on a straight-line basis over the lease term.

**19. Events after the Balance Sheet Date**

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. There are two types of events:

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

**20. Exceptional Items and Prior Period Adjustments**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the CIES or in the Notes to the Accounts, depending on how significant the items are to an understanding of the financial performance.

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

Changes in accounting policies are only made when required by proper accounting practices or when the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## 21. Critical Accounting Estimates and Judgements

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

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

### ***Future government funding***

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

### ***Accounting principles***

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

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

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

The items in the Balance Sheet at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

### ***Pensions Liability***

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

The actuaries have provided the following sensitivity information:

#### **Impact on Defined Benefit Obligations**

	Change in Assumption	
	LGPS	Police Pension Schemes
Longevity (increase or decrease by 1 year)	£6.3m	£44.0m
Rate of increase in salaries (increase or decrease by 0.1%)	£1.2m	£4.0m
Rate of increase in pensions (increase or decrease by 0.1%)	£4.1m	£27.6m
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	£5.1m	£34.4m

### ***Provisions***

A provision has been made for the settlement of ongoing claims not covered by insurers, based on claims received, historical experience of claims not received at the balance sheet date and estimated settlement values, and makes a charge to CCNY to recover any increase required in the year.

An increase over the forthcoming year of 10% in either the number of claims or the estimated average settlement would have the effect of adding £301k 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 £181k between current liabilities and long-term liabilities.

### ***Employee Benefits***

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

Approximately 44% of the accrual (£700k) relates to rest days in lieu (RDIL). An increase or decrease of 5% in the number of RDIL owed would change the accrual by £35k.

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

No standards which would be expected to impact on CCNY accounts have been issued but not yet adopted at 31 March 2019.

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**NOTES to the ACCOUNTS for the CHIEF CONSTABLE of NORTH YORKSHIRE**

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

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

Current year	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments to the Revenue Resources:</b>						
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:						
* Pensions costs (transferred to or from the pensions Reserve)	60,597	-	-	60,597	(60,597)	-
* Holiday pay etc transferred to or from the Accumulated Absence Adjustment Reserve	(307)	-	-	(307)	307	-
<b>Total Adjustments to revenue Resources</b>	<b>60,290</b>	<b>-</b>	<b>-</b>	<b>60,290</b>	<b>(60,290)</b>	<b>-</b>
<b>Prior Year</b>	<b>General Fund Balance</b>	<b>Capital Receipts Reserve</b>	<b>Capital Grants Unapplied Account</b>	<b>Total Usable Reserves</b>	<b>Total Unusable Reserves</b>	<b>Total Reserves</b>
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adjustments to the Revenue Resources:</b>						
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:						
* Pensions costs (transferred to or from the Pensions Reserve)	62,183	-	-	62,183	(62,183)	-
* Holiday pay etc transferred to or from the Accumulated Absence Adjustment Reserve	750	-	-	750	(750)	-
<b>Total Adjustments to Revenue Resources</b>	<b>62,933</b>	<b>-</b>	<b>-</b>	<b>62,933</b>	<b>(62,933)</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 CCNY 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	Net 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
Other Income	(9,794)	-	(9,794)
Salary Costs	107,493	24,903	132,396
Other non Salary employee costs	1,659	211	1,870
Police Injury Pension Costs	3,640	-	3,640
Premises Costs	83	3,953	4,036
Supplies & Services	12,499	8,442	20,941
Transport Costs	1,876	805	2,681
Financial Costs	1,609	6,761	8,370
Project Costs	-	2,775	2,775
<b>Cost of Police Services</b>	<b>119,065</b>	<b>47,850</b>	<b>166,915</b>
Non Distributed Costs	-	-	-
Intragroup Funding	(119,065)	(29,868)	(148,933)
<b>Net Costs of Services</b>	<b>-</b>	<b>17,982</b>	<b>17,982</b>
Financing and Investment Income and Expenditure	-	42,308	42,308
<b>Surplus or Deficit on the provision of services</b>	<b>-</b>	<b>60,290</b>	<b>60,290</b>
Adjustments between accounting and funding arrangements under statute		60,290	

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

## 2. Expenditure and Funding Analysis

Prior Year	Net 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
Other Income	(7,543)	-	(7,543)
Salary Costs	108,260	24,665	132,925
Other non Salary employee costs	2,308	235	2,543
Police Injury Pension Costs	3,810	-	3,810
Premises Costs	82	4,481	4,563
Supplies & Services	11,889	8,241	20,130
Transport Costs	2,096	821	2,917
Financial Costs	361	11,987	12,348
Project Costs	-	5,049	5,049
<b>Cost of Police Services</b>	<b>121,263</b>	<b>55,479</b>	<b>176,742</b>
Non Distributed Costs	-	1,145	1,145
Intragroup Funding	(121,263)	(37,405)	(158,668)
<b>Net Costs of Services</b>	<b>-</b>	<b>19,219</b>	<b>19,219</b>
Financing and Investment Income and Expenditure	-	43,714	43,714
<b>Surplus or Deficit on the provision of services</b>	<b>-</b>	<b>62,933</b>	<b>62,933</b>
Adjustment between accounting and funding arrangements under statute		62,933	

*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.

#### 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 4(a))

#### 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	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000
Other Income	-	-	-
Salary Costs	18,289	6,614	24,903
Other non Salary employee costs	-	211	211
Police Injury Pension Costs	-	-	-
Premises Costs	-	3,953	3,953
Supplies & Services	-	8,442	8,442
Transport Costs	-	805	805
Financial Costs	-	6,761	6,761
Project Costs	-	2,775	2,775
<b>Cost of Police Services</b>	<b>18,289</b>	<b>29,561</b>	<b>47,850</b>
Non Distributed Costs	-	-	-
Intragroup Funding	-	(29,868)	(29,868)
<b>Net Costs of Services</b>	<b>18,289</b>	<b>(307)</b>	<b>17,982</b>
Financing and Investment Income and Expenditure	42,308	-	42,308
<b>Surplus or Deficit on the provision of services</b>	<b>60,597</b>	<b>(307)</b>	<b>60,290</b>



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

Prior Year	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£,000	£'000	£'000
Other Income	-	-	-
Salary Costs	17,324	7,341	24,665
Other non Salary employee costs	-	235	235
Police Injury Pension Costs	-	-	-
Premises Costs	-	4,481	4,481
Supplies & Services	-	8,241	8,241
Transport Costs	-	821	821
Financial Costs	-	11,987	11,987
Project Costs	-	5,049	5,049
<b>Cost of Police Services</b>	<b>17,324</b>	<b>38,155</b>	<b>55,479</b>
Non Distributed Costs	1,145	-	1,145
Intragroup Funding	-	(37,405)	(37,405)
<b>Net Costs of Services</b>	<b>18,469</b>	<b>750</b>	<b>19,219</b>
Financing and Investment Income and Expenditure	43,714	-	43,714
<b>Surplus or Deficit on the provision of services</b>	<b>62,183</b>	<b>750</b>	<b>62,933</b>

## 4. Unusable Reserves

	Note	31 March 2019 £'000	31 March 2018 £'000
Pensions Reserve	4a	(1,738,641)	(1,668,308)
Accumulated Absences Account	4b	(1,582)	(1,889)
<b>Total Unusable Reserves</b>		<b>(1,740,223)</b>	<b>(1,670,197)</b>

## 4 (a) Pensions Reserve

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

	2018/19 £'000	2017/18 £'000
<b>Balance at 1 April</b>	<b>(1,668,308)</b>	<b>(1,658,066)</b>
Remeasurements of pension assets and liabilities	(9,736)	51,941
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	(77,880)	(79,415)
Employer's pension contributions and direct payments to pensioners payable in the year	17,283	17,232
<b>Balance at 31 March</b>	<b>(1,738,641)</b>	<b>(1,668,308)</b>

#### 4 (b) Accumulated Absences Account

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

	2018/19 £'000	2017/18 £'000
<b>Balance at 1 April</b>	<b>(1,889)</b>	<b>(1,139)</b>
Settlement or cancellation of accrual made at the end of the preceding year	1,889	1,139
Amounts accrued at the end of the current year	(1,582)	(1,889)
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	307	(750)
<b>Balance at 31 March</b>	<b>(1,582)</b>	<b>(1,889)</b>

#### 5. Leases

CCNY leases a number of properties, which have been accounted for as operating leases. The total rentals payable in 2018/19 were £22k (2017/18 £22k).

#### Commitments under Operating Leases

At the balance sheet date CCNY was committed to making total payments of £22k (2017/18 £22k) under operating leases.

	Not later than one year £'000	Later than one year and not later than 5 years £'000	Later than 5 years £'000	Total Commitments £'000
<b>31st March 2019 Land and Buildings</b>	22	-	-	22
<b>31st March 2018 Land and Buildings</b>	22	-	-	22

<b>6. Intragroup Funding</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>£'000</b>	<b>£'000</b>

**Charges from NYPCC to CCNY*****Charged to appropriate headings as part of Cost of Police Services***

Amounts equivalent to:

- amounts charged to Income & Expenditure by NYPCC for Property, Plant and Equipment	6,650	11,664
- interest charge on finance leases	3	162
- charges to CCNY for Corporate Support Services	23,233	25,599
	<b>29,886</b>	<b>37,425</b>

**Charges from CCNY to NYPCC*****Credited to the same headings as the costs they are recharging, as part of Cost of Police Services***

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

***Credited to Net Cost of Services***

- funding provided by NYPCC	148,933	158,668
	<b>148,951</b>	<b>158,686</b>

**7. Financing and Investment Income and Expenditure**

	<b>2018/19</b>	<b>2018/19</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2017/18</b>	<b>2017/18</b>
	<b>Expenditure</b>	<b>Income</b>	<b>Total</b>	<b>Expenditure</b>	<b>Income</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Net Pensions interest cost (Note 17)	42,308	-	42,308	43,714	-	43,714
<b>Total</b>	<b>42,308</b>	<b>-</b>	<b>42,308</b>	<b>43,714</b>	<b>-</b>	<b>43,714</b>

## 8. Remuneration Report

### 8 (a) Remuneration of Senior Officers

In setting the condition of service of Senior Officers the Chief Constable has regard to the following factors:

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

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

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

Chief Constable \*  
Deputy Chief Constable \*  
Assistant Chief Constables \*  
Chief Constable's Chief Finance Officer  
\* *serving police officers.*

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

	2018/19	2017/18
	£'000	£'000
Salaries and short-term benefits	500	589
Post-employment benefits	94	87
<b>Total</b>	<b>594</b>	<b>676</b>

### 8 (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.

## 8 (c) Remuneration entitlements of Senior Officers

### **Salary**

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

### **Other Allowances and Benefits**

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

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

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

### **Allowances**

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

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

### **Benefits in Kind**

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

### **Pension Benefits**

The Group makes pension contributions on behalf of Senior Officers and staff who are members of pension schemes. Employers contributions are at the same rates for all members of the schemes, irrespective of rank or salary, and are determined by the Actuaries. During 2018/19 the rates were 24.2% for the Police Pension Schemes (2017/18 24.2%) and 11.9% for the Local Government Pension Schemes (2017/18 11.9%).

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 2018/19 senior officers who elected to join were either members of the Police Pension Scheme 1987 or the Police Pension Scheme 2015.

The Police Pension Scheme 1987 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.

The Police Pension Scheme 2015 is a Career Average Revalued Earnings (CARE) scheme rather than a final salary scheme. For each year a member contributes they will earn a fraction of their Pensionable Earnings (1/55.3) for that year as earned pension and this will be revalued for each subsequent year until they retire. A member has the option to retire at the normal minimum pension age (55) however if they were to do so their pension would be actuarially reduced by reference to the normal pension age (60). 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 13.78% and 15.05% of pensionable salary, dependent on which scheme the officer sits within. (See Police Pension Fund Account and Note 17 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 2018/19 all eligible Senior Officers were members of the scheme. The scheme is a defined benefit scheme, providing pension benefits linked to salary. The scheme provides for an accrual rate of 1/60th of salary for each year of service up to 31 March 2014. There after the accrual rate is 1/49th. There is no time limit to the amount of service that can be built up but benefits must be taken by age 75. At retirement members may opt to give up (commute) part of their pension entitlement in return for a lump sum cash payment.

Senior Officers' contributions are currently at the rate of 9.9% of pensionable salary. (See Note 17 for further information on the Local Government Pension Scheme).

8 (d) A summary of Senior Officer Remuneration for the year ended 31 March 2019 is presented below:

	Salary	Benefits in kind	Allowance	Value of employers pension contribution	Termination Benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Chief Constable:</b>						
D Jones (until 03/06/18) (1)	38	-	7	-	-	45
L Winward (acting from 17/04/18, permanent from 17/08/18) (1)	131	2	3	31	-	167
<b>Deputy Chief Constable:</b>						
L Winward (until 16/04/18) (1)	5	-	-	1	-	6
P Cain (from 01/10/18) (1)	59	1	-	14	-	74
<b>Assistant Chief Constable:</b>						
A Oliver (1)	107	5	3	26	-	141
P Cain (temporary until 01/05/18, permanent until 30/09/18) (1)	49	1	-	12	-	62
<b>Chief Constable's CFO*:</b>						
J Palmer	89	-	-	10	-	99
<b>Total</b>	<b>478</b>	<b>9</b>	<b>13</b>	<b>94</b>	<b>-</b>	<b>594</b>

\* CFO - Chief Finance Officer

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

C Irvine has been a Temporary Assistant Chief Constable (ACC) since 19th November 2018. This function is discharged via a collaboration agreement with Cleveland Police and Crime Commissioner (CPCC) and the Temporary ACC's remuneration is reflected in CPCC's accounts. During 2018/19 £51k (2017/18 £nil) was incurred in respect of this contract.

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
Chief Constable:						
D Jones (1)	139	4	8	-	-	151
Deputy Chief Constable:						
T Madgwick (until 28 April 2017)	9	-	-	2	-	11
L Winward (1)	115	4	3	28	-	150
Assistant Chief Constable:						
A Oliver (1)	99	5	3	24	-	131
Temporary Assistant Chief Constable						
P Cain (1)	97	1	-	19	-	117
R Anderson	16	-	-	4	-	20
Chief Constable's CFO*:						
J Palmer	86	-	-	10	-	96
<b>Total</b>	<b>561</b>	<b>14</b>	<b>14</b>	<b>87</b>	<b>-</b>	<b>676</b>

\* CFO - Chief Finance Officer

#### 8 (e) Officers and Staff

As at 31 March 2019 a breakdown of the number of persons of each gender was as follows:

	2018/19		2017/18	
	Male	Female	Male	Female
Senior Officers	1	3	3	3
Other Employees	1,354	1,201	1,374	1,201
	<b>1,355</b>	<b>1,204</b>	<b>1,377</b>	<b>1,204</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 or overtime 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 147 (2017/18 192) police officers at or below the rank of Chief Superintendent.

<b>Total remuneration</b>	<b>2018/19</b>	<b>2017/18</b>
£50,000 to £54,999	87	114
£55,000 to £59,999	40	53
£60,000 to £64,999	5	9
£65,000 to £69,999	4	3
£70,000 to £74,999	3	7
£75,000 to £79,999	5	6
£80,000 to £84,999	6	2
£85,000 to £89,999	1	2
<b>Total</b>	<b>151</b>	<b>196</b>

#### 8 (f) Termination benefits

CCNY terminated no employees in 2018/19, incurring liabilities of £nil (2017/18 £36k) 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:

	<b>Number of Compulsory Redundancies</b>		<b>Number of Other departures</b>		<b>Total number of exit packages by cost band</b>		<b>Total cost of exit packages in each band</b>	
	<b>2018/19</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2017/18</b>	<b>£'000</b>	<b>£'000</b>
£0 - £20,000	-	-	-	4	-	4	-	36
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>36</b>

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

The movement on provisions is detailed in Note 16.

<b>9 (b) Inventories Expensed during the Period</b>	<b>2018/19</b>	<b>2017/18</b>
	<b>£'000</b>	<b>£'000</b>
Uniforms/other items	371	340
<b>Total inventory charges recognised in the Comprehensive Income &amp; Expenditure Statement</b>	<b>371</b>	<b>340</b>

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

#### 9 (c) Sponsorship

The Chief Constable has the power to receive gifts, loans of property and sponsorship on behalf of the Police Fire and Crime Commissioner, up to a limit of 1% of the annual revenue budget (2018/19 limit £1.5m). During the year £21k (2017/18 £20k) was utilised by CCNY from the sponsorship and donation accounts in reflection of expenditure primarily on focused safety and crime reduction initiatives. Specific contributions are made under agreements and, if not utilised in the year of receipt, are carried forward. £13k (2017/18 £9k) has been carried forward into 2019/20.

**9 (d) Audit Fees**

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

	2018/19 £'000	2017/18 £'000
External Audit Fees	12	15
Adjustment for the Audit Commission Rebate	-	
<b>Total</b>	<b>12</b>	<b>15</b>

**10. Partnership Arrangements****10 (a) Local Criminal Justice Board (LCJB)**

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

Expenditure of £35k (2017/18 £30k) has been incurred in 2018/19 and included in these accounts.

**10 (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)**

CCNY continues to engage in collaborative working throughout 2018/19 with the other YATH forces (South Yorkshire, West Yorkshire and Humberside). Collaborative activity includes specialist Crime Services, Forensic Services, Underwater Searches and Procurement Services.

The Regional Collaboration Board for the YATH collaboration comprises the 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 CCNY during 2018/19 in relation to the Yorkshire and the Humber regional collaboration work was £4.6m (2017/18 £4.5m).

**Evolve**

CCNY continued to engage in collaborative working throughout 2018/19 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 programme 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 CCNY during 2018/19 in relation to Evolve collaboration was £2.7m (2017/18 £2.6m).

**Other Collaborations**

During 2018/19, CCNY has also participated in collaborative activity with all seven forces in the North East Region. The total net expenditure of CCNY during 2018/19 in relation to these additional collaborations was £62.8k (2017/18 £8.8k).

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

<b>Current Year</b>	<b>Expenditure</b>	<b>Income</b>	<b>Net Impact</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Employee Costs Salaries	2,824	-	2,824
Other non Salary employee costs	11	-	11
Supplies & Services	5,317	-	5,317
Transport	83	-	83
Non Grant Income	-	(967)	(967)
<b>Total</b>	<b>8,235</b>	<b>(967)</b>	<b>7,268</b>

<b>Prior Year</b>	<b>Expenditure</b>	<b>Income</b>	<b>Net Impact</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Employee Costs Salaries	2,706	-	2,706
Other non Salary employee costs	3	-	3
Supplies & Services	4,862	-	4,862
Transport	68	-	68
Non grant Income	-	(610)	(610)
<b>Total</b>	<b>7,639</b>	<b>(610)</b>	<b>7,029</b>

#### 11. Financial Instruments

	<b>Long-Term</b>		<b>Current</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Debtors</b>				
Loans and receivables (incl accrued interest)	-	-	13,655	13,801
<b>Total Debtors</b>	<b>-</b>	<b>-</b>	<b>13,655</b>	<b>13,801</b>
<b>Creditors</b>				
Financial liabilities at amortised cost	-	-	9,943	13,276
<b>Total Creditors</b>	<b>-</b>	<b>-</b>	<b>9,943</b>	<b>13,276</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**

	31 March 2019		31 March 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Other Creditors	9,943	9,943	13,276	13,276
<b>Total Financial Liabilities</b>	<b>9,943</b>	<b>9,943</b>	<b>13,276</b>	<b>13,276</b>
<b>Current</b>	9,943	9,943	13,276	13,276
<b>Total Financial Liabilities</b>	<b>9,943</b>	<b>9,943</b>	<b>13,276</b>	<b>13,276</b>

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

	31 March 2019		31 March 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Cash and cash equivalents	16	16	16	16
Debtors	13,639	13,639	13,801	13,801
<b>Total Financial Assets</b>	<b>13,655</b>	<b>13,655</b>	<b>13,817</b>	<b>13,817</b>

**Income, Expense, Gains and Losses**

CCNY did not have any income, expense, gains or losses in relation to financial instruments (2017/18 £nil).

**12. Inventories**

	31 March 2019	31 March 2018
	£'000	£'000
Uniforms/Other Items	240	265
<b>Total as at 31 March</b>	<b>240</b>	<b>265</b>

All inventories comprise supplies used in the provision of services.

**13. Debtors****Short-Term**

	<b>31 March 2019</b>	<b>31 March 2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts receivable:</b>		
Central government bodies	90	144
Other Local Authorities (including Police and Crime Commissioners)	962	491
Other debtors external to general government	411	409
Intragroup debtors	12,175	12,758
Payments in advance	419	3,331
<b>Total as at 31 March</b>	<b>14,057</b>	<b>17,133</b>

Other Local Authorities includes £573k (2017/18 £126k) in respect of regional collaboration with other Police and Crime Commissioners (see note 10(b)).

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

The CCNY does not generally allow extended credit for customers, such that only £52k (2017/18 £40k) of the £442k (2017/18 £429k) listed debtors balance is past due for payment. The past due amount can be analysed as follows:

	<b>31 March 2019</b>	<b>31 March 2018</b>
	<b>£'000</b>	<b>£'000</b>
Less than three months	23	30
Three to six months	(13)	8
Six months to one year	19	2
More than one year	23	-
	<b>52</b>	<b>40</b>

**14. Cash and Cash Equivalents**

	<b>31 March 2019</b>	<b>31 March 2018</b>
	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	<b>16</b>	<b>16</b>

**15. Creditors**

<b>Short-Term</b>	<b>31 March 2019</b>	<b>31 March 2018</b>
<b>Amounts due:</b>	<b>£'000</b>	<b>£'000</b>
Central government bodies	145	205
Other local authorities (including Police and Crime Commissioners)	2,168	2,091
NHS bodies	1	391
Public corporations and trading funds	-	-
HMRC employment taxes and national insurance	2,434	2,562
Other creditors external to government	6,152	6,515
Income received in advance	37	660
Intragroup creditors	1,882	4,375
<b>Total as at 31 March</b>	<b>12,819</b>	<b>16,799</b>

Other local authorities (including Police and Crime Commissioners) includes £578k (2017/18 £191k) in respect of Regional Collaboration with other Police and Crime Commissioners in Yorkshire and Humberside (see Note 10 (b)).

**16. Provisions**

	<b>Employee Related</b>	<b>Other Insurance</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 1 April 2018</b>	1,368	1,136	2,504
Additional provision required	1,457	213	1,670
Amounts utilised during year	(841)	(257)	(1,098)
<b>At 31 March 2019</b>	<b>1,984</b>	<b>1,092</b>	<b>3,076</b>

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

	<b>31 March 2019</b>	<b>31 March 2018</b>
	<b>£'000</b>	<b>£'000</b>
Short-term	1,875	1,470
Long-term	1,201	1,034
<b>Total</b>	<b>3,076</b>	<b>2,504</b>

Employee Related provisions relate to claims arising from the CCNY's employer's liability cover, together with other employee related provisions. Other Insurance provisions relate to claims arising from the CCNY'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 retained in Reserves. Based on past experience of the time taken to settle claims, an estimate has been made of the proportion of claims which are likely to be settled within 12 months of the balance sheet date, and these are provided as current liabilities.

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

- liability claims subject to a policy excess of £150,000 for any one occurrence;
- liability and third party motor claims aggregating over £1.2 million;
- third party motor claims subject to an excess of £100,000 for any one occurrence;
- material damage to property, together with consequential business interruption, subject to a policy excess of £1,000 for any one occurrence in respect of all risks cover, £250 for any one occurrence in respect of cover for money and £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.

## 17. Retirement Benefits

### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, CCNY offers retirement benefits. Although these benefits will not actually be payable until employees retire, CCNY has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

CCNY participates in four pension schemes:

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

- Three Police Pension Schemes for police officers. These are unfunded defined benefit 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. Two schemes (1987 & 2006) are final salary schemes and the third scheme is Career Average Revalued Earnings Scheme. The second scheme was introduced in April 2006 with the intention that joint contributions of employers and employees would finance the full costs of pension liabilities. All police officers recruited from April 2006 to April 2015 became members of the new scheme and the previous scheme was closed to new members. The third scheme came into effect for officers recruited on or after April 2015. A number of officers have been transferred from the previous schemes in the year and will continue to do so moving forward based on calculated taper dates. CCNY's participation in the Police Pension Schemes is administered by XPS Group Ltd.

Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pension funds for the year is less than the amounts payable, CCNY 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 which is paid to NYPCC and transferred to CCNY. If, however, the pension funds are in surplus for the year, the surplus is required to be transferred from the pension funds to CCNY which must then repay the amount to central government, via NYPCC.

### **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.

XPS Group 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 CIES and the Movement in Reserves Statement during the year:

					2018/19	2017/18
	LGPS	Police Pension Scheme 1987	Police Pension Scheme 2006	Police Pension Scheme 2015	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Comprehensive Income and Expenditure Statement</b>						
<i>Net Cost of Services</i>						
Current Service Cost	8,239	9,850	240	17,130	35,459	34,451
Past Service Cost - exceptional item	-	-	-	-	-	1,145
Administration Costs	113	-	-	-	113	105
	8,352	9,850	240	17,130	35,572	35,701
<i>Financing and Investment Income and Expenditure:</i>						
Interest Cost	518	38,810	1,340	1,640	42,308	43,714
Total Post-employment Benefits charged to the Surplus or Deficit on Provision of Services	8,870	48,660	1,580	18,770	77,880	79,415
<i>Remeasurement of the net defined liability comprising:</i>						
- Return on plan assets (excluding amount included in net interest expense)	(10,379)	-	-	-	(10,379)	(8,291)
- Actuarial gains/losses arising from changes in demographic assumptions	(8,560)	-	-	-	(8,560)	(54,980)
- Actuarial gains/losses arising from changes in financial assumptions	9,956	967	3,209	16,370	30,502	23,435
- Other	373	(2,800)	(1,100)	1,700	(1,827)	(12,105)
(Surplus) deficits on remeasurements of scheme assets and liabilities	(8,610)	(1,833)	2,109	18,070	9,736	(51,941)
<b>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>260</b>	<b>46,827</b>	<b>3,689</b>	<b>36,840</b>	<b>87,616</b>	<b>27,474</b>
<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	8,870	48,660	1,580	18,770	77,880	79,415
<i>Actual amount charged against the General Fund Balance for the year</i>						
Employer's contribution payable to the scheme	(3,193)	(3,441)	(99)	(7,740)	(14,473)	(14,372)
Retirement benefits payable to pensioners	-	(2,810)	-	-	(2,810)	(2,860)
	5,677	42,409	1,481	11,030	60,597	62,183

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

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

					2018/19	2017/18
	Funded Liabilities	Unfunded Liabilities			Total	Total
<i>(PPS - Police Pension Scheme)</i>	LGPS	PPS 1987	PPS 2006	PPS 2015		
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April	(191,591)	(1,541,204)	(52,070)	(53,500)	(1,838,365)	(1,814,397)
Intragroup transfer	-	-	-	-	-	-
Current service cost	(8,239)	(9,850)	(240)	(17,130)	(35,459)	(34,451)
Interest cost	(4,952)	(38,810)	(1,340)	(1,640)	(46,742)	(47,797)
Contributions by scheme participants	(1,801)	(1,850)	(480)	(4,810)	(8,941)	(9,061)
<i>Remeasurement gains and (losses):</i>						
- Actuarial gains/losses arising from changes in demographic assumptions	8,560	-	-	-	8,560	54,980
- Actuarial gains/losses arising from changes in financial assumptions	(9,956)	(43,140)	(2,680)	(4,050)	(59,826)	(49,571)
- Other	(373)	2,800	1,100	(1,700)	1,827	12,105
Benefits paid	4,045	50,274	50	230	54,599	50,972
Curtailment cost	-	-	-	-	-	-
Past service costs	-	-	-	-	-	(1,145)
<b>Balance at 31 March</b>	<b>(204,307)</b>	<b>(1,581,780)</b>	<b>(55,660)</b>	<b>(82,600)</b>	<b>(1,924,347)</b>	<b>(1,838,365)</b>

*Reconciliation of fair value of the scheme assets*

					2018/19	2017/18
	LGPS	PPS 1987	PPS 2006	PPS 2015	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April	170,057	-	-	-	170,057	156,331
Intragroup transfer	-	-	-	-	-	-
Interest on plan assets	4,434	-	-	-	4,434	4,083
Administration expenses	(113)	-	-	-	(113)	(105)
<i>Remeasurement gains and (losses):</i>						
- The return on plan assets, excluding the amount included in the net interest expense	10,379	-	-	-	10,379	8,291
- Actuarial gains/losses arising from changes in demographic assumptions	-	-	-	-	-	-
- Actuarial gains/losses arising from changes in financial assumptions	-	42,173	(529)	(12,320)	29,324	26,136
Employer contributions	3,193	6,251	99	7,740	17,283	17,232
Contributions by scheme participants	1,801	1,850	480	4,810	8,941	9,061
Benefits paid	(4,045)	(50,274)	(50)	(230)	(54,599)	(50,972)
<b>Balance at 31 March</b>	<b>185,706</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>185,706</b>	<b>170,057</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 £14.8m (2017/18 £12.4m).

### Scheme History

	2018/19 £'000	2017/18 £'000	2016/17 £'000	2015/16 £'000	2014/15 £'000
<b>Present value of liabilities:</b>					
LGPS	(204,307)	(191,591)	(179,893)	(140,808)	(143,299)
Police Pension Scheme 1987	(1,581,780)	(1,541,204)	(1,551,584)	(1,289,923)	(1,452,368)
Police Pension Scheme 2006	(55,660)	(52,070)	(48,160)	(31,990)	(32,070)
Police Pension Scheme 2015	(82,600)	(53,500)	(34,760)	(10,940)	-
<b>Total liabilities</b>	<b>(1,924,347)</b>	<b>(1,838,365)</b>	<b>(1,814,397)</b>	<b>(1,473,661)</b>	<b>(1,627,737)</b>
<b>Fair value of assets (LGPS):</b>	<b>185,706</b>	<b>170,057</b>	<b>156,331</b>	<b>131,480</b>	<b>129,261</b>
<b>Surplus/(deficit) in the scheme:</b>					
LGPS	(18,601)	(21,534)	(23,562)	(9,328)	(14,038)
Police Pension Scheme 1987	(1,581,780)	(1,541,204)	(1,551,584)	(1,289,923)	(1,452,368)
Police Pension Scheme 2006	(55,660)	(52,070)	(48,160)	(31,990)	(32,070)
Police Pension Scheme 2015	(82,600)	(53,500)	(34,760)	(10,940)	-
<b>Total</b>	<b>(1,738,641)</b>	<b>(1,668,308)</b>	<b>(1,658,066)</b>	<b>(1,342,181)</b>	<b>(1,498,476)</b>

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

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

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

The projected employer contribution rates for 2018/19 and weighted average duration of the defined benefit obligation for scheme members as provided by the actuary are as follows:

Scheme	Percentage of Pensionable Pay	Weighted Average Duration
Local Government Pension Scheme (LGPS)	11.3%	25.5 years
Police Pension Scheme 1987	71.5%	21 years
Police Pension Scheme 2006	56.1%	38 years
Police Pension Scheme 2015	51.8%	38 years

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

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

**History of experience gains and losses**

The actuarial gains identified as movements on the Pensions Reserve in 2018/19 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2019:

	2018/19	2017/18	2016/17	2015/16	2014/15
	%	%	%	%	%
<b>Differences between the expected and actual return on assets:</b>					
Percentage of scheme assets	5.6%	4.9%	11.6%	(3.2)%	9%
<b>Experience gains and losses on liabilities:</b>					
Percentage of scheme liabilities	(0.1)%	(0.7)%	(1.1)%	(2.4)%	(1.9)%

CCNY expects to make employer contributions of £3.5m to the LGPS in the year to 31 March 2020. Employer contributions to the Police Pension Schemes in the same period are expected to be £16m.

**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 2016.

The principal assumptions used by the actuaries have been:-

	Local Government Pension Scheme		Police Pension Schemes	
	2018/19	2017/18	2018/19	2017/18
<i>Mortality assumptions:</i>				
Longevity at 65 for current pensioners:				
Men	22.2 yrs	22.9 yrs	22.7yrs	22.6yrs
Women	25.3 yrs	26.4 yrs	24.3yrs	24.2yrs
Longevity at 65 for future pensioners				
Men	23.9 yrs	25.1 yrs	24.6yrs	24.5 yrs
Women	27.2 yrs	28.7yrs	26.2yrs	26.1 yrs
Rate of inflation	2.1%	2.0%	2.35%	2.3%
Rate of increase in salaries	3.35%	3.3%	4.35%	4.3%
Rate of increase in pensions	2.1%	2.0%	2.35%	2.3%
Rate for discounting scheme liabilities	2.5%	2.6%	2.45%	2.55%
Rate of CARE revaluation	n/a	n/a	3.6%	3.55%

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

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

	Fair Value of Scheme Assets	
	2018/19	2017/18
	%	%
Cash and Cash Equivalents	5	-
Government Bonds	19	16
Corporate Bonds	-	-
Property - UK	8	8
Equities	57	65
Other	11	11
<b>Total Assets</b>	<b>100</b>	<b>100</b>

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

### Impact on the Cash Flows

The objectives of the scheme are to keep employers' contributions at as a constant a rate as possible. NYCC has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the long term. Funding levels are monitored on a quarterly basis. The triennial valuation was carried out 31 March 2017.

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

### 18. Contingent Assets and Liabilities

Note 16 (Provisions) explains the treatment in respect of provision for amounts as known at the date of these accounts.

### Civil and Employment Claims

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

### Regional Collaboration

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

### GMP Equalisation

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

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

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

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

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

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

The Chief Constable of North Yorkshire Police, 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 December 2018 the Court of Appeal ( McCloud / Sargeant ) ruled that the 'transitional protection' offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination. The Government is seeking permission to appeal this decision. It is envisaged that if this is unsuccessful, the Court will require steps to be taken to compensate employees who were transferred to the new schemes potentially including Police Pension Scheme members. This would lead to an increase in Police Pension Scheme liabilities and our actuaries ( The Government Actuary Department ) using specific assumptions have estimated the potential increase in scheme liabilities as a result of the judgment to be approximately 5.4% of national pension scheme liabilities as at March 2018. This estimate is based on one potential remedy and depending on the outcome of the appeal, the remedy calculation and its applicability to the Police Pension Scheme will need to be revisited in the light of further direction from the courts.

The impact of an increase in scheme liabilities arising from McCloud / Sargeant judgment will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to take place in 2020 with implementation of the results planned for 2023/24 and forces will need to plan for the impact of this on employer contribution rates alongside other changes identified through the valuation process.

The impact of an increase in annual pension payments arising from McCloud / Sargeant is determined through The Police Pension Fund Regulations 2007. These require a police authority (now the Police Fire and Crime Commissioner) to maintain a police pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have enough funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the police authority in the form of a central government top-up grant.

#### **Impact of the McCloud / Sargeant Judgment on the Local Government Pension Scheme (LGPS)**

In relation to the LGPS, all members were moved into the new 2014 scheme, but members within 10 years of normal retirement were given an underpin (or 'better of both') promise, so that their benefits would be at least as valuable in terms of the amount and when they could be drawn than if they had remained in the 2008 Scheme. For the purpose of reporting a contingent liability, it would be prudent to assume the remedy would be equivalent to extending the 'best of both' underpin to all members.

The Government's Actuary Department (GAD) has been instructed by the LGPS Scheme Advisory Board to estimate a potential IAS19 accounting liability, should the government be unsuccessful in its application to appeal or if the Court of Appeal's judgement is upheld by the Supreme Court and the remedy for the LGPS is to extend the 'underpin' protection to all members.

The eventual impact on CCNY will depend on the remedy chosen by government, the profile of the of CCNY's membership, and the assumptions used to report pension costs at the time of recognition.

It is unknown what impact this will have on future contributions to the Fund. The Fund is a funded arrangement with employers paying contributions based on the results of regular local valuations, with the next valuation due as at 31st March 2019. Where an additional liability arises in the Fund in relation to past service this will result in increased employer contribution in the future. Employer contributions towards future service may also increase if the 'better of both' test is extended beyond members within 10 years of normal pension age at 1st April 2012.

#### **19. Events after the Reporting Period**

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

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

#### **20. Related Party Transactions**

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

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

##### **Central Government**

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

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

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

NYPCC has control over the general operations of CCNY, although not over the details of operational policing. NYPCC provides all the CCNY funding. Remuneration of the Police and Crime Commissioner is disclosed in the Group Accounts - Note 13(d).

On 15th November 2018 NYPCC became the Police Fire and Crime Commissioner for North Yorkshire (NYPFCC) when she took statutory responsibility for North Yorkshire Fire and Rescue Service, as the Fire and Rescue Authority (NYPFCC FRA). NYPFCC FRA is a separate corporation sole, independent of NYPFCC. During 2018/19 CCNY did not purchase services or receive income from the Fire and Rescue Authority.

##### **Other Local Authorities (including Other Police and Crime Commissioners)**

Local Government provides a proportion of the funding for the Group. Transactions with other Forces in respect of Regional Collaboration are set out in Note 10 (b). The amounts owing to Other Local Authorities at the balance sheet date are included in Creditors (Note 15).



## Key Management

Key Management of the Group are also classed as related parties. Key Management are considered to be Senior Officers (as defined in note 8) and other persons having the authority and responsibility for planning, directing and controlling the activities of CCNY, including the oversight of these activities.

Remuneration of Key Management is disclosed in Note 8. Remuneration of Senior Officers of NYPCC is disclosed in the Group Accounts - Note 13(d).

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

During 2018/19 CCNY incurred subscription and conference costs from NPCC of £30k (2017/18 £29k).

CCNY received income to a value of £nil (2017/18 £nil) and purchased and received services to a value of £nil (2017/18 £nil) from organisations in which senior officers had positions on the governing body. In all instances transactions were made with proper consideration of declaration of interest. The relevant senior officers did not take part in any discussion or decision in relation to the transactions. At 31 March 2019 £nil (31 March 2018 £nil) was owed by CCNY to these organisations.

CCNY previously provided accounting services to organisations in which senior officers had positions on governing body. At 31 March 2019 £nil (2018 £nil) was held by CCNY on behalf of these organisations.

## Pension Schemes

Transactions with Pension Schemes are set out in Note 17.

## 21. Nature and Extent of Risks arising from Financial Instruments

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

### Key Risks

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

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

### Overall procedures for managing risk

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

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:



- The Group's overall borrowing;
  - Its maximum and minimum exposures to fixed and variable rates;
  - Its maximum and minimum exposures to the maturity structure of its debt;
  - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

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

The annual Treasury Management Strategy, which incorporates the prudential indicators, was approved by the Police and Crime Commissioner for 2018/19 on 28th February 2018. The key issues within the Strategy were:

- The Authorised Limit for 2018/19 was set at £13.75m. This was the maximum limit of external borrowings or other long-term liabilities;
- The Operational Boundary was expected to be £10.75m. 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 2018/19 was approved by the Commissioner on 28 February 2018. 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 £6m (2017/18 £5m) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Group's deposits, but there was no evidence at the 31 March 2019 that this was likely to crystallise.

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

	Total		Estimated maximum exposure to default	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	£'000	£'000	£'000	£'000
Cash and cash equivalents	16	16	-	-
Other debtors and amounts owed by related parties	13,639	13,801	-	-
<b>Total</b>	<b>13,655</b>	<b>13,817</b>	<b>-</b>	<b>-</b>

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

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

### Liquidity Risk

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

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

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

### Refinancing and Maturity risk

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

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

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

The maturity profile of financial liabilities is set out in Note 25 of the Group Accounts.

## Market Risk

### ***Interest Rate Risk***

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

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

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

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

### ***Price Risk***

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

### ***Foreign Exchange Risk***

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

**POLICE PENSION FUND ACCOUNT**  
for the YEAR ENDED 31 March 2019

	2018/19 £'000	2017/18 £'000
<b>Contributions receivable</b>		
From Employer		
Normal	(11,358)	(11,377)
Early retirement	-	-
Reimbursement of unabated pensions of '30+' Police Officers	-	-
	(11,358)	(11,377)
From Members	(6,692)	(6,671)
	(18,050)	(18,048)
<b>Transfers in</b>		
Individual transfers from other schemes	(481)	(712)
Received from other PCCs re pre-1974 pensioners	-	-
<b>Benefits payable</b>		
Pensions	37,234	35,299
Commutations and lump sum retirement benefits	10,339	9,550
Lump sum death benefits	-	-
Commutation Payments as a result of Milne v GAD Determination	14	-
<b>Payments to and on account of leavers</b>		
Refunds of contributions	20	10
Individual transfers out to other schemes	11	-
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>29,087</b>	<b>26,099</b>
Additional funding payable by the PCC to fund the deficit for the year	(27,645)	(24,673)
Additional contribution payable by the employer	(1,442)	(1,426)
<b>Net amount payable/receivable for the year</b>	<b>-</b>	<b>-</b>

**POLICE PENSION FUND NET ASSETS STATEMENT**  
at 31 March 2019

		31 March 2019 £'000	31 March 2018 £'000
Current Debtors	Note 5	-	14
<b>Total Assets</b>		-	14
Current Creditors	6	-	(14)
<b>Net Assets</b>		<b>-</b>	<b>-</b>

## NOTES TO THE POLICE PENSION FUND ACCOUNTS

### 1. Accounting Policies

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

### 2. Operation of Police Pension Schemes

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

The charge in the CCNY accounts represents 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 CCNY no longer meets the pension outgoings directly, instead CCNY pays an employer's contribution, based on a percentage of pay, into the Pension Fund. Each individual Police and Crime Commissioner in England and Wales is required by legislation to operate a Pension Fund for police officers and the amounts that must be paid into and paid out of the Pension Fund are specified by regulation.

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

### 4. Liabilities in Relation to Retirement Benefits

The Pension Fund Accounts do not take account of liabilities to pay pensions and other benefits after the period end. Details of the liabilities for retirement benefits attributable to CCNY at 31 March 2019, and of the basis for assessing those liabilities, are included in note 17 to the CCNY Accounts.

The present value of the Police Pension Scheme liabilities, based on the most recent full valuation of the scheme (as at 31 March 2016) and updated to the balance sheet date are disclosed below.

	31 March 2019	31 March 2018
	£'000	£'000
Police Pension Scheme 1987	1,581,780	1,541,204
Police Pension Scheme 2006	55,660	52,070
Police Pension Scheme 2015	82,600	53,500
<b>Total present value of liabilities</b>	<b>1,720,040</b>	<b>1,646,774</b>

Full details of the liabilities for retirement benefits attributable to the group at 31 March 2019, and the basis for assessing those liabilities, are included in Note 17 to the CCNY Accounts.

**5. Debtors**

	<b>31 March 2019</b>	<b>31 March 2018</b>
	<b>£'000</b>	<b>£'000</b>
Short Term - Other Local Authorities	-	14

**6. Creditors**

Short term - General	-	(14)
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Independent auditor's report to the Chief Constable of North Yorkshire Police

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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 by the organisation before the start of each financial year and is used to monitor actual expenditure throughout the year.

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## ACRONYMS

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

SORP	Statement of Recommended Practice
SSAP	Statements of Standard Accounting Practices
SYPCC	Police and Crime Commissioner for South Yorkshire
TMP	Treasury Management Practices
VAT	Value Added Tax
WYPA	West Yorkshire Police Authority
WYPCC	Police and Crime Commissioner for West Yorkshire

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