



**WEST YORKSHIRE
POLICE**



**CHIEF CONSTABLE
FOR WEST YORKSHIRE POLICE
STATEMENT OF ACCOUNTS
2020/21 to 9 May**



CHIEF CONSTABLE FOR WEST YORKSHIRE POLICE

STATEMENT OF ACCOUNTS 2020/21 to 9 May

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STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Chief Constable for West Yorkshire is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers (Chief Finance Officer) has the responsibility for the administration of those affairs;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- To approve the Statement of Accounts.

The Chief Finance Officer is responsible for preparation of the 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;
- Approved proper accounting procedures and records which were maintained and kept up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities;
- Assessed the Authority's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- Used the going concern basis of accounting on the assumption that the functions of the Authority and Group will continue in operational existence for the foreseeable future, and
- Maintain such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

APPROVAL OF THE STATEMENT OF ACCOUNTS

In accordance with the Accounts and Audit Regulations 2015 these Statement of Accounts were approved by:

John Robins
Chief Constable
for West Yorkshire Police

Katherine Johnson
Chief Finance Officer
for West Yorkshire Police

NARRATIVE REPORT AND FINANCIAL REVIEW

PREFACE

Introduction to the 2020/21 Statement of Accounts by John Robins, Chief Constable for West Yorkshire Police.



With a population of over 2.3 million, West Yorkshire is economically, socially and culturally diverse. This has a number of positive benefits for our communities, but also presents some complex policing challenges. Over half of the wards within West Yorkshire have areas that fall within the top 10% deprivation index and overall unemployment is above the national average.

The Force faces higher than average demand, both in terms of calls for service and in recorded crime levels. As the fourth largest force in England and Wales, West Yorkshire Police works in partnership with five Local Authorities and has coterminous local policing Districts. Beyond the County of West Yorkshire, we also collaborate across the Yorkshire and Humber Region and wider North Eastern Region leading on a number of national and regional policing responsibilities.

Our Neighbourhood Policing model lies at the heart of our service delivery and is underpinned by local response, crime investigation and safeguarding functions. District policing is supported centrally by specialist operational and crime capabilities, as well as headquarters functions. All combine together to provide the policing services needed to meet the Police and Crime Plan’s vision of “Keeping West Yorkshire Safe and Feeling Safe”.

During the year there have been significant improvements in performance with most categories of crime reducing and victim satisfaction improving, reflecting the strong victim-focussed approach we take to service delivery. In addition, calls for service have reduced and public confidence remains stable. We are in a strong position, with HMICFRS gradings of Outstanding for Efficiency and Crime Recording and Good for Effectiveness and Legitimacy.

The uplift of police officers through the Police Uplift Programme over the next three years, will take numbers to just above 2010 levels and will enable much needed investment in neighbourhoods, response and investigation.

There remain significant challenges, however. West Yorkshire Police have a Medium-Term Financial Forecast predicting significant financial savings will be required over the next three years. This is within the context of increasingly complex demand and significant changes to policing and criminal justice nationally, which impact on policing locally. In addition, there has been the effect of the Covid-19 pandemic, which has had a significant impact on policing and given national restrictions led to a reduction in most crime types.

Our workforce comprises of 5,648 police officers and 4,715 police staff (including 565 PCSOs) that provide policing services around the clock. Within the 10,363 officers and staff, we also provide regional and national policing services, such as the North East Counter Terrorism Unit, the National Police Air Service and a Regional Scientific Support Service.

Increasingly complex demand against a backdrop of financial pressures creates significant strains on our officers and staff. We are continuously developing our wellbeing provision to support our officers and staff. Our positive action recruitment campaign is helping ensure that we attract, develop and retain the best talent and have a workforce, which continues to be more reflective of the communities we serve. I am committed to ensuring we have a talented and representative workforce, providing quality policing services to the communities of West Yorkshire and that everything we do is built on our core values of fairness, integrity and respect.

John Robins QPM
Chief Constable for West Yorkshire Police

THE NARRATIVE REPORT

Message from the Assistant Chief Officer, Business Operations – Katherine Johnson



The Narrative Report pulls together in a single document information on the budget preparation process, final accounts, performance information, medium term financial plans and other contextual information such as workforce numbers and strategic risk

The budget for 2020/21 as at 30th April 2021, including the Force's National and Regional commitments (inc Counter Terrorism, Regional Crime, NPAS, Regional Scientific Support, VIPER and national firearms) has 5468 Police Officers (FTE), 4011 Police staff (FTE), and 565 PCSO's (FTE). In reshaping our organisation to work within a reducing budget, we have sought to deliver savings in back-office and operational support areas whilst seeking to protect frontline delivery

Our success in maintaining performance levels and making further performance improvements in priority areas must be seen in the context of reduced resources and increasing complexity in demand, not least where safeguarding and local problem solving is delivered in conjunction with partners who are also facing austerity measures.

During 2020/21 West Yorkshire Police have been recruiting up to 460 of our expected additional 852 uplift of Police Officers over the three years 2019/20 to 2022/23 as part of the Prime Minister's pledge to recruit 20,000 more officers nationally into forces. Taking the opportunity to recruit early, we have recruited the majority of the 2021/22 uplift posts in 2020/21 ensuring our new recruits are trained and working within our communities at the earliest opportunity.

The Force has also been working hard to make a success of the new Police Education Qualification Framework (PEQF), which will equip officers with the higher level of skills, knowledge and behaviours required to police effectively in the 21st Century. This national programme launched in 2019 is changing dramatically police constable recruitment and training in line with the Policing 2025 Vision to professionalise policing. Since July 2020 we have welcomed four cohorts of student apprenticeship officers and 2 cohorts of Degree Holder officers.

The financial position is complex as whilst the Police Uplift Programme (PUP) will lead to a significant investment in policing (up to 835 police officers for West Yorkshire Police over this year and the next two years) and increasing precept levels will enable investment in key risk areas, funding still remains a challenge for the Force with serious concerns about the long-term pressures given the increased demand and complexity of policing activity. As a result, substantial financial savings are also required.

The Force has embarked on a significant programme of financial savings and has balanced the budget for 2021/22, whilst also making investments in key priority areas such as safeguarding and digital forensics. All savings options consider both the operational impact and the Force Management Statement findings in terms of predicted demand, risk and current/future capacity and capability.

These Financial Statements to 9 May 2021 reflect additional costs encountered by the Force as a result of having to adapt to the pandemic to continue service delivery. Forces were granted access to the Income Loss Recovery Scheme which assisted in recovering partly, loss of income due to the pandemic which would assist covering expenditure incurred. The substantial expenditure on PPE during the initial lockdown was subsidised by additional funding provided by the Government. Additional funding has also been provided by the Government to assist with the enforcement of the latest lockdown easing plans which will hopefully cover the period up to having no further restrictions in place. There is still uncertainty in certain sectors which may have an impact on the Force's ability to progress planned expenditure including major Capital Estates schemes.

The functions of the Police and Crime Commissioner (PCC), in West Yorkshire, were transferred by Parliamentary Order (The West Yorkshire Combined Authority (Election of Mayor and Functions) order 2021), to the Elected Mayor of West Yorkshire with effect from 10 May 2021. The transfer of the PCC functions to the Elected Mayor mean that the legal entity known as of the Police and Commissioner's Office ceased to exist as of 9 May and all staff, properties, rights and liabilities transfer to the West Yorkshire Combined Authority. As the functions of the PCC will continue, the accounts have been prepared on a going concern basis.



The requirement in section 3(3) of the Local Audit and Accountability Act 2014(98) for a relevant authority to prepare a statement of accounts for each financial year ending on 31 March is modified under section 40 of the Order whereby in the case of the Police and Crime Commissioner and Chief Constable for the financial year which began on 1 April 2020 to require (a) the Police and Crime Commissioner, or after the transfer made by this Order, the Combined Authority in respect of the Police and Crime Commissioner's accounts; and (b) the Chief Constable; to prepare a statement of accounts from that date for the period which ends on 9 May 2021.

From 10 May 2021 the post of Police and Crime Commissioner was abolished and the role of the PCC transferred to the West Yorkshire Combined Authority as a function to be exercised by the Elected Mayor of West Yorkshire.

The Chief Constable is a separate legal entity, distinct from the Police and Crime Commissioner and with operational independence. The Chief Constable will remain as a Corporation Sole and this does not affect the going concern status of West Yorkshire Police.

The Statement of Accounts has been prepared in accordance with the requirements of the Code of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee. These statements are produced with the aim of providing information to help the reader:

- Understand the overarching financial position of the PCC (and West Yorkshire Police)
- Have confidence that the Chief Constable has spent public money wisely and has been accounted for in an appropriate manner
- Be assured that the financial position of the Chief Constable (and Group) is sound and secure

The style and format of the accounts complies with CIPFA standards and is similar to that of previous years.

1. EXPLANATION OF THE WEST YORKSHIRE POLICE GROUP

The Chief Constable and the Police & Crime Commissioner (PCC) are established as separate legal entities. The Chief Constable has a statutory responsibility for the control, direction and delivery of operational policing services in the West Yorkshire Police area.

The PCC is elected by the public to secure the maintenance of an efficient and effective police force and to hold the Chief Constable to account for the exercise of their functions and those of persons under their direction and control.

From 10 May 2021 the post of Police and Crime Commissioner was abolished and the role of the PCC transferred to the West Yorkshire Combined Authority as a function to be exercised by the Elected Mayor of West Yorkshire.

This set of accounts explains how the resources provided by the PCC up to the 9 May 2021 have been used to deliver operational policing services.

The Net Revenue Budget for 2020/21 up to 9 May 2021 under the direction and control of the Chief Constable was £509.6m.

2. AN INTRODUCTION TO WEST YORKSHIRE

West Yorkshire Police is the fourth largest police force in England and Wales by number of officers. It covers a population of over 2.3 million people from diverse social, economic, cultural and religious backgrounds.

The Force is divided into five District Policing Areas aligned to the five District Councils throughout West Yorkshire. The Districts are responsible for local policing services across the Force that address local priorities. Specialist departments deliver the full range of other force-wide policing functions.

Some of our services are delivered in collaboration with other forces. West Yorkshire lead the Counter Terrorism Policing North East (CTPNE), the Yorkshire and the Humber Regional Organised Crime Unit, the Yorkshire and the Humber Scientific Support Services and the National Police Air Service. We also receive

services on a collaborative basis for Procurement, Marine and Underwater Search, Clothing and Equipment stores.

The workload in West Yorkshire and policing in general is increasing and evolving. Although demand in terms of calls to service and investigations have decreased over the last year which is encouraging, there are still significant challenges that the Force faces. The increasing complexity of crime and demand, meaning that whilst volume may be reducing in some areas, workload and complexity is increasing including a shift from traditional to virtual crime and

capacity/capability associated with digital investigations and encrypted communications. Other challenges being demand around safeguarding in particular domestic abuse, child sexual exploitation and abuse (CSEA) including non recent cases and mental health. There remain civil emergency threats (terrorist incident, cyber-attacks, floods and pandemics) and there is still a financial challenge for police and partners. Workforce pressures remain including the wellbeing, diversity and the Force continues to deal with the short, medium and long term implications of the Covid-19 pandemic.

3. FINANCIAL PERFORMANCE

a. Economic Climate

The 2020/21 revenue budget saw a flat core grant from Police Government Funding for existing budgets but an increase in funding to allow the Force to recruit 256 additional officers as part of the Police Uplift Programme. Whilst this is positive in terms of increasing officer numbers, the funding is still not sufficient to cover the 2.5% pay increases applied in the 2020/21 budget and demand pressures previously mentioned. The 2020/21 budget was therefore still heavily reliant on the flexibility to raise Council Tax Precepts.

The force continues to experience substantial increases in capital costs to support policing in the 21st century. Capital Grant funding at £0.48m for 2020/21, which was a 74% reduction from the previous year, was insufficient and well below the level of capital investment required by the Force to ensure we are fit for the future.

Economic forecasting at this point is challenging with the medium and long term impact of both Brexit and Covid-19 unknown at this time. The Force is also still working within the constraints of one year funding settlements.

b. Financial Management

West Yorkshire has robust and sound financial management practices. Comprehensive financial reports are submitted to the Chief Officer Team on a monthly basis, Medium Term Financial Forecasts (MTFF) are refreshed regularly and decisions are taken based on current and future financial information. The PCC receives budget monitoring and financial forecasting information every six weeks as part of the Joint Executive Group meetings. Regular meetings take place between the West Yorkshire Police CFO and PCC's CFO (Treasurer).

The 2019 HMICFRS Assessments of West Yorkshire Police, published in November 2020, rated the Force as OUTSTANDING for Efficiency and GOOD for Legitimacy and Effectiveness.

c. Revenue

Budget 2020/21

The 2020/21 budget reflected a number of significant cost pressures, these are essentially unfunded given that the only increase in Police Grant Funding was for the Police Uplift Programme. These cost pressures included the impact of the reduction in capital grant funding, which has meant that Estates and IT compliance work previously capitalised has been brought into revenue at a cost of £3m. Also included within the 2020/21 budget was pay inflation of 2.5% and Staff/Officer Incremental pay increases. In order to mitigate some of the cost pressures, the PCC, in line with most other PCCs in England, increased the band D charge by £9.33 a 4.99% increase.

Revenue Outturn 2020/21

The following table provides a high level comparison between the approved budget and actual expenditure for the Chief Constable and Group. The Cost of Police Services is under the direction and control of the Chief Constable.

2020/21 to 9 May	Revised Budget	Actual	Variation
SERVICE EXPENDITURE	£'000	£'000	£'000
Cost of Police Services	689,981,981	694,956	(4,975,975)
Cost of Police Services	689,981,981	694,956	(4,975,975)

The Cost of Police Services in the above table is different to the Net Cost of Police Services reported in the CIES (shown on page 16), which is prescribed by the Code of Practice. The difference is primarily made up of accounting adjustments required by the Code. The reconciliation between the two amounts is shown in the following table:

2019/20 £000		2020/21 to 9 May £000
604,379	EXPENDITURE PER OUTTURN REPORT	694,956
(10,473)	Interest Payable	(11,174)
0	Net (gains)/losses on financial assets at FVPL	309
(2,023)	Flexible attachment	(1,922)
591,883	COST OF SERVICES	682,169
(6,020)	Revenue Funding of Capital	(3,234)
(3,261)	Minimum Revenue Provision (MRP)	(4,106)
25,732	Depreciation, Amortisation and Impairments	38,114
194,893	IAS19 Pension Service Costs (accounting basis)	192,019
(77,278)	Pension Contributions (funding basis)	(94,592)
1,845	Movement on Employee Benefits Accrual	12,964
727,795	COST OF POLICE SERVICES CIES	823,335

Outlook – Medium Term Financial Forecast

The Medium Term Financial Forecast presented today shows a balanced position for 2020/21 following the use of £3.420 of revenue reserves, and the position for future years, as:

- 2021/22 £15.170m shortfall
- 2022/23 £14.074m shortfall
- 2023/24 £ 9.924m shortfall



A high level summary of the MTFF is provided below.

	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Pay & Pensions	468,630	485,541	500,573	510,149
Non pay	140,424	157,581	150,852	149,559
Income	(114,877)	(114,240)	(115,411)	(116,808)
Total Force Budget	494,177	528,882	536,014	542,900
Office of the PCC	1,695	1,729	1,764	1,799
Community Safety Fund	5,182	5,182	5,182	5,182
Shared Services	235	239	244	249
Total OPCC and Shared Services	7,112	7,150	7,190	7,230
Net Budget Requirements	501,289	536,032	543,204	550,130
Funded by:				
Contribution from Reserves	969	134	0	0
Police Grant	362,693	377,364	377,364	377,364
Collection Fund Surplus/(Deficit)	(1,455)	(1,455)	(1,455)	0
Income Loss and S31 CT Support Grants	860	1,926	1,926	0
Precept Requirements	138,222	141,498	144,770	148,782
Total Funding	501,289	519,467	522,605	526,146
Shortfall	(0)	16,565	20,599	23,984

All the assumptions underpinning the current MTFF will be revisited and updated quarterly as we continue work on the next budget cycle.

d. Balance Sheet

The Balance Sheet is a snapshot of the Chief Constable's assets, liabilities, cash balances and reserves at the balance sheet date. A high level summary is provided below.

At 9 May 2021, we had negative net assets of £7.235 billion. The main reason we have negative assets is the pension liabilities associated with the unfunded police officer pension scheme of £6.692 billion, and the deficit of £0.533 billion in the funded Local Government Pension Scheme (LGPS) for police staff.

The police officer pension scheme is underwritten by the Home Office who provide an annual top-up grant to fund the difference between pension payments and income from employee and employer contributions. The current deficit in the LGPS will be managed through future employee and employer contributions.

31 March 2020 £000		9 May 2021 £000
0	Long Term Assets	0
0	Current Assets	0
(16,284)	Current Liabilities	(29,248)
(6,026,612)	Long Term Liabilities	(7,206,228)
(6,042,895)	Net Assets	(7,235,476)
(6,042,895)	Total Reserves	(7,235,476)

4. NON-FINANCIAL PERFORMANCE

The 2019 HMICFRS Assessment of West Yorkshire Police has been published and grades the Force as OUTSTANDING for Efficiency and GOOD for Legitimacy and Effectiveness. HMICFRS made particular mention to how the Force records crime and plans for the future (both of which have been graded as OUTSTANDING) and that the Force provides a good service to victims of crime.

The Force's operational response to Covid-19 in relation to its Gold Command structure, its positive support to Local Authorities and its approach to enforcement has been seen as best practice by the national Police Chiefs Council (NPCC). The Force will continue to respond to the changing operational challenges associated with Covid-19 however a key challenge will be maintaining the confidence of the local communities as we attempt to strike the right balance of preserving legitimacy whilst handling the ongoing restrictions.

Excellent call handling performance has been maintained in relation to 999 calls with calls taking an average of 5 seconds to answer during the whole of 2020/21, improvements in relation to 101 calls have also been reported. Victim satisfaction now stands at 77.7% at the end of March 2021 which is the highest rating in 4 years (up 3% compared with March 19).

Child Sexual exploitation and Abuse (CSEA) presents a significant challenge and in particular in relation to demand associated with non recent offences. Force tasking identified that non recent CSEA offences account for around two thirds of 'under investigation' offences. The Force has undertaken a review on all functions within safeguarding and are significantly investing resources in this area.

The Force has embarked on a significant programme of financial savings and has balanced the budget for 2021/22, whilst also making investments in key priority areas such as safeguarding and digital forensics. All savings options consider both the operational impact and the FMS findings in terms of predicted demand, risk and current/future capacity and capability.

5. PEOPLE

At 30 April 2021 West Yorkshire Police employed 10,363 people in full and part time contracts. We also had 258 unpaid members of the special constabulary and 142 volunteers giving a total workforce of 10,763.

Below is the make up of the Police workforce

As at 9 May 2021		
	Workforce Head Count	Full Time Equivalent
Police Officers	5,648	5,547
Police Staff	4,150	3,798
PCSO's	565	541
Paid Employees	10,363	9,886
Special Constabulary	258	
Volunteers	142	
Total Workforce	10,763	

6. PRINCIPAL RISKS AND UNCERTAINTIES

Force risks are managed and monitored through a quarterly risk management group chaired by the Deputy Chief Constable. There are clearly defined steps to support better decision making through the understanding of risks, whether a positive opportunity or a threat and the likely impact.

The Chief Constable's Leadership Team, the Risk Management Group, is actively managing these and quarterly updates are provided to the Police and Crime Commissioner's "Good Governance Group" and the Joint Independent Audit and Ethics Committee.



7. UNCERTAIN FUTURE EVENTS

The UK exited the EU on 31 January 2020. Transitional arrangements remained in place till 31 December 2020 with a trade agreement approved on the 24 December 2020. While the trade agreement essentially ensures no additional taxes on imports and exports between the UK and the EU there are rising costs as a result of increasing paperwork and border checks and the inevitable delays in delivery as a result of this. The impact of this has still to be fully felt and this will be monitored especially with impacts on inflation.

The UK currently remains under certain Covid-19 restrictions with regards to social distancing etc, while there is a Government roadmap to take us out of these restrictions this largely depends on the success of the vaccination roll out. If the UK doesn't come out of the restrictions as quickly as anticipated, then this could have potential risks for the force operationally and financially which will impact on the future financial statements.

8. SUMMARY AND CONCLUSION

West Yorkshire Police continue to deliver effective financial management to support the delivery of the Chief Constable's Policing Strategy and the Police and Crime Commissioner's Police and Crime Plan. The Chief Officer team is fully engaged with the budgeting process to ensure resources are directed to priority areas.

Since austerity measures began in 2010, we have done all we can to meet the increasing pressures we face. We have entered into collaboration to improve capabilities and make efficiencies, rationalised the estate to minimise the impact on the frontline and have significantly transformed the organisation in order to provide the best possible service we can to the diverse communities that we serve; in order to keep people safe and feeling safe. We have also invested in technology and are leading the way nationally with digital policing, meaning our officers are more accessible, visible and productive out in our communities. As a consequence we have been recognised by HMICFRS as 'Outstanding' for Efficiency and 'Good' for Effectiveness and Legitimacy.

However, the pressures we now face are becoming increasingly concerning. If we are to balance our approach by investing in neighbourhood policing, investigating crime, safeguarding vulnerable people and tackling serious and organised crime, we require funding that reflects the nature of the threat and risk we face. A stand-still position, or indeed any further reductions of funding, will continue to significantly impact on the quality of service we are able to provide.

Further information about the accounts is available from

Katherine Johnson
Chief Financial Officer
West Yorkshire Police
PO Box 9
Wakefield
West Yorkshire
WF1 3QP

FINANCIAL STATEMENTS

The following expenditure is included within the **Comprehensive Income and Expenditure Statement** on an accruals basis:

- IAS 19 Pension costs for Police Officers and Police Staff employed by the Chief Constable.
- A charge for building running costs.
- All other costs incurred in providing a policing service.

All income accrues to the PCC and is shown in his single entity financial statements and the Group Statement of Accounts.

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Taxation is raised by the PCC to cover expenditure in accordance with statutory requirements; this may differ from the accounting cost. The intra-group funding line represents the funding received from the PCC.

Comprehensive Income and Expenditure Statement Chief Constable for West Yorkshire Police

2019/20			2020/21 to 9 May			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
149,506	0	149,506	Policing District West	160,509	0	160,509
142,729	0	142,729	Policing District East	154,749	0	154,749
98,088	0	98,088	Policing Specialist Operations	108,431	0	108,431
38,935	0	38,935	Policing Specialist Crime	46,543	0	46,543
31,387	0	31,387	Regional Policing	37,181	0	37,181
87,636	0	87,636	National Policing	103,391	0	103,391
81,843	0	81,843	Finance and Business Services	95,103	0	95,103
97,674	0	97,674	Corporate and Central Services CC	117,426	0	117,427
727,798	0	727,798	Cost of Policing Service	823,333	0	823,334
		(687,681)	Inter Group Funding			(793,097)
		142,912	Financing and investment (income) and expenditure			137,345
		183,029	(Surplus) or Deficit on Provision of Services			167,582
		56,763	Remeasurement of net defined benefit liability / (asset)			1,024,997
		56,763	Other Comprehensive (Income) and Expenditure			1,024,997
		239,795	Total Comprehensive (Income) and Expenditure			1,192,581



The **Movement in Reserves Statement** shows the movement from the start of the year to the end on reserves relevant to the Chief Constable.

Movement in Reserves Statement Chief Constable for West Yorkshire Police

	Police Fund Balance	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£000	£000	£000	£000
Balance at 1 April 2019	0	0	(5,803,102)	(5,803,102)
Movement in Reserves during year				
Surplus or (deficit) on the provision of services	(183,029)	(183,029)	0	(183,029)
Other Comprehensive Income and Expenditure	0	0	(56,763)	(56,763)
Total Comprehensive Income and Expenditure	(183,029)	(183,029)	(56,763)	(239,791)
Adjustments between accounting basis & funding basis under regulations (note 5)	183,029	183,029	(183,029)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	0	0	(239,792)	(239,792)
Increase/Decrease in year	0	0	(239,792)	(239,792)
Balance at 31 March 2020 C/fwd	0	0	(6,042,894)	(6,042,894)

Movement in Reserves Statement Chief Constable for West Yorkshire Police

	Police Fund Balance	Total Usable Reserves	Total Unusable Reserves	Total Reserves
	£000	£000	£000	£000
Balance at 1 April 2020	0	0	(6,042,896)	(6,042,896)
Movement in Reserves during year				
Surplus or (deficit) on the provision of services	(167,582)	(167,582)	0	(167,582)
Other Comprehensive Income and Expenditure	0	0	(1,024,997)	(1,024,997)
Total Comprehensive Income and Expenditure	(167,582)	(167,582)	(1,024,997)	(1,192,578)
Adjustments between accounting basis & funding basis under regulations (note 5)	167,582	167,582	(167,582)	0
Net Increase/Decrease before Transfers to Earmarked Reserves	0	0	(1,192,579)	(1,192,579)
Increase/Decrease in year	0	0	(1,192,579)	(1,192,579)
Balance at 9 May 2021 C/fwd	0	0	(7,235,475)	(7,235,475)

The **Balance Sheet** shows the values of assets and liabilities held by the Chief Constable. The net assets are matched by unusable reserves, which cannot be used to fund policing services.

Balance Sheet

Chief Constable for West Yorkshire Police

31 March 2020		9 May 2021
£000		£000
0	Non-current assets	0
0	Current assets	0
0	Total Assets	0
(16,284)	Short Term Creditors (note 8)	(29,248)
(16,284)	Current Liabilities	(29,248)
(6,026,612)	Net Pension Liability (note 9)	(7,206,228)
(6,026,612)	Long Term Liabilities	(7,206,228)
(6,042,895)	Net Assets	(7,235,476)
(16,284)	Accumulated Absences Account (note 9)	(29,248)
(6,026,612)	Pension Reserve (note 11)	(7,206,228)
(6,042,895)	Total Unusable Reserves	(7,235,475)

The **Cash Flow Statement** shows the changes in cash and cash equivalents during the reporting period.

Cash Flow Statement

Chief Constable for West Yorkshire Police

2019/20 £000		2020/21 to 9 May £000
183,029	Net (surplus) or deficit on the provision of services	167,582
(183,029)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(167,582)
0	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities.	0
0	Net Cash flows from Operating Activities	0
0	Investing Activities	0
0	Financing Activities	0
0	Net Increase or (decrease) in cash and cash equivalents	0
0	Cash and cash equivalents at the beginning of the reporting period	0
0	Cash and cash equivalents at the end of the reporting period	0

NOTES TO THE ACCOUNTS

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Note 1a - ACCOUNTING POLICIES

General

The Accounts and Audit Regulations 2015 require the Chief Constable to prepare a Statement of Accounts for each financial year in accordance with proper accounting practices. For 2020/21, these proper accounting practices are the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) supported by International Financial Reporting Standards (IFRS).

The Statement of Accounts has been prepared on a going concern basis. The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Accruals

Transactions are reflected in the financial statements for the accounting period in which the effects are experienced and not necessarily in the period in which any cash is received or paid.

The West Yorkshire Police Group

The West Yorkshire Police Group comprises two corporations sole: the Police and Crime Commissioner for West Yorkshire and the Chief Constable of West Yorkshire.

Both bodies are required to prepare a separate Statement of Accounts. Within this report there are two sets of financial statements, representing the accounts of:

- The Police and Crime Commissioner for West Yorkshire (the parent);
- The West Yorkshire Police Group.

The financial statements cover the 13 months and 9 days to the 9 May 2021. The term 'Group' is used to indicate the aggregated transactions and policies of the PCC and the Chief Constable.

The identification of PCC as the holding organisation and the requirement to produce group accounts stems from the powers and responsibilities given to him under the Police Reform and Social Responsibility Act 2011.

Value Added Tax (VAT)

The Chief Constable does not submit a VAT return as the PCC submits a single VAT return on behalf of the Group. VAT is included in the Chief Constable's Comprehensive Income and Expenditure Statement only to the extent that it is irrecoverable from HM Revenue and Customs.

Prior Period Adjustment (PPA)

Prior period adjustments may arise as a result of a change in accounting policy 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.

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

International Accounting Standards that have been issued but not yet adopted

- IFRS 16 Leases will require Local Authorities that are lessees to recognise leases on their Balance Sheets as a right of use assets with corresponding lease. The standard has been deferred and is now effective for implementation on 01 April 2022. At this time, it is reasonably estimable that the value of the leases uplifted to the Balance Sheet will not be material.

These amendments to International Financial Reporting Standards are not expected to have any material impact on the accounts.

Note 2a – CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies, the Chief Constable has to make certain judgements about complex transactions or those involving uncertainty about future events. The following are significant management judgements made in applying the accounting policies in the Statement of Accounts.

Transfer of functions:

The functions of the Police and Crime Commissioner (PCC), in West Yorkshire, were transferred by Parliamentary Order (The West Yorkshire Combined Authority (Election of Mayor and Functions) order 2021), to the Elected Mayor of West Yorkshire with effect from 10 May 2021. The transfer of the PCC functions to the Elected Mayor mean that the legal entity known as of the Police and Commissioner's Office ceased to exist as of 9 May 2021 and all staff, properties, rights and liabilities transfer to the West Yorkshire Combined Authority. As the functions of the PCC will continue, the accounts have been prepared on a going concern basis.

These Statement of Accounts cover the period from 1 April 2020 to 9 May 2021, a period of 13 months and 9 days, in preparing the Balance Sheet as at 9 May 2021 the following critical judgements were adopted by management:

- IAS19 pension entries for the period to 9 May 2021 were based upon reports obtained from the PCCs Pension Actuaries as at the Balance Sheet date
- Accumulated Absences were accounted for on the basis of the position as at 30 April 2021 for Accrued Rest Days, Flexi Leave balances, and Unelected Overtime. Management judgement was that the difference in position from 30 April 2021 to 9 May 2021 was not material to the Financial Statements. Annual Leave balances were accounted for on the basis of the actual position as at 9 May 2021

May 2021 transactions were examined and the following items were deemed material and accrued into the Statements for the 9 days of May:

- Pay and associated employer costs were accrued on the basis of 9 days actual costs for May
- Non-pay costs were accrued on the basis of 9 days actual and expected costs for May
- Depreciation accrued an additional 1 month and 9 days costs based on actuals at 31 March
- Police Pension income and expenditure was accrued into the Police Pension Fund Account based on 9 days out of 31 of the actual May 2021 pension payments

The Chief Constable is classed as a local authority allowing him to benefit from the statutory overrides contained in the Accounts and Audit Regulations 2015.

A judgement has been made of the expenditure allocated between the PCC and Chief Constable to reflect the financial resources of the PCC consumed at the request of the Chief Constable.

The Chief Constable participates along with the PCC in providing the National Police Air Service (NPAS) and regional collaborative working in partnership with the Yorkshire and Humber Forces to deliver a number of specific specialist services on a regional basis. The arrangement has been reviewed against IFRS11 on joint arrangements and it has been determined that they fall outside the scope of a joint operation.

Note 2b – ASSUMPTIONS ABOUT FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires the Chief Constable to make judgements, estimates and assumptions that affect the application of policies and reporting amounts of assets and liabilities, income and expenditure. Estimates and associated assumptions 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.



Items in the Balance Sheet at 9 May 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

ITEM	UNCERTAINTIES	EFFECT IF ACTUAL RESULTS DIFFER FROM ASSUMPTION
Pensions Liability	<p>Estimation of 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 judgements in respect of the performance of the underlying assets which the LGPS pension scheme invests in (it should be noted that the Police Officer Pension Scheme does not hold any assets). A firm of consulting actuaries is engaged to provide the CC with expert advice in respect of the forecasts to be applied.</p> <p>The actuary's valuer has NOT reported on the basis of 'material valuation uncertainty' for 2020/21, as was the case for 2019/20 per VPGA 10 of the Royal Institution of Chartered Surveyors (RICS) Valuation - Global Standard. Therefore the figures within the 2020/21 financial statements can be viewed with more certainty than that of the previous year.</p>	<p>The effect on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £130m for Police Officers and a reduction of £24m for Police Staff.</p> <p>Further details of the effect of accounting assumptions can be found within Note 11.</p> <p>The pension fund investments are spread over a number of asset classes within public and private financial markets. There is always an element of uncertainty inherent within the valuation of private assets, and now coupled with recent market uncertainty as a result of Covid-19.</p> <p>Based on the current market conditions at the 9 of May 2021, particularly in respect of Covid-19, the CC understands that the direction of the economy could have a direct impact on the net liability value. This will most likely be in the form of below average returns on plan assets and market yields. In addition, the overall position is also influenced by the effect of market movements on the assumptions used to place a value on the defined benefit obligation. The asset position as at the 9 of May 2021, is, however, much stronger than that reflected in the 2019/20 financial statements</p> <p>The wider external context will continue to be reviewed in 2021/22 to assess any further impacts which require potential impairment entries.</p>

Note 3 – EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised for issue by the Chief Finance Officer for the Chief Constable on 30 July 2021. Events taking place after that date are not reflected in the financial statements or notes. However, where events after this date provide information about conditions existing at 9 May 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 4 – EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis demonstrates how the funding available to the Chief Constable for the year has been used in providing services in comparison with those resources consumed or earned by the Chief Constable in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Chief Constable's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Adjustments from the general Fund to arrive at the Comprehensive Income and Expenditure Statements amounts:

Expenditure and Funding Analysis

2019/20				2020/21 to 9 May		
Expenditure Chargeable to GF Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the CIES £000		Expenditure Chargeable to GF Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the CIES £000
117,631	31,875	149,506	Policing District West	132,520	27,989	160,509
112,414	30,315	142,729	Policing District East	127,691	27,057	154,749
81,705	16,383	98,088	Policing Specialist Operations	93,274	15,157	108,431
32,402	6,533	38,935	Policing Specialist Crime	40,054	6,489	46,543
26,871	4,516	31,387	Regional Policing	32,508	4,673	37,181
71,624	16,012	87,636	National Policing	79,679	23,712	103,391
63,891	17,952	81,843	Finance and Business Services	73,035	22,068	95,103
85,345	12,329	97,674	Corporate and Central Services CC	103,406	14,020	117,426
591,883	135,914	727,798	Net Cost of Services	682,167	141,165	823,334
(591,883)	(95,797)	(687,680)	Intra-group adjustment	(682,167)	(110,928)	(793,095)
0	142,913	142,913	Other Income and Expenditure	0	137,345	137,345
0	183,030	183,030	(Surplus) or Deficit	0	167,582	167,582



Note to the Expenditure and Funding Analysis

2019/20				Adjustments Between Funding and Accounting Basis	2020/21 to 9 May			
Adjustments for Capital Purposes £000	Net Change for Pensions Adjustments £000	Other Differences £000	Total Adjustments £000		Adjustments for Capital Purposes £000	Net Change for Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
0	31,382	492	31,874	Policing District West	0	24,702	3,287	27,989
0	29,847	468	30,315	Policing District East	0	23,880	3,178	27,057
0	16,130	253	16,383	Policing Specialist Operations	0	13,377	1,780	15,157
0	6,432	101	6,533	Policing Specialist Crime	0	5,727	762	6,489
0	4,446	70	4,516	Regional Policing	0	4,124	549	4,673
7,989	7,899	124	16,012	National Policing	16,353	6,495	864	23,712
15,360	2,552	40	17,952	Finance and Business Services	18,797	2,887	384	22,068
(6,898)	18,930	297	12,329	Corporate and Central Services CC	(4,376)	16,235	2,160	14,020
16,451	117,618	1,845	135,912	Net Cost of Services	30,774	97,427	12,964	141,163
(16,451)	0	0	(16,451)	Intra group adjustment	(30,774)	0	0	(30,774)
0	63,567	0	63,567	Other income and expenditure from the Expenditure and Funding Analysis	0	57,191	0	57,191
0	181,185	1,845	183,028	Difference Between General Fund Surplus or Deficit and CIES (Surplus) or Deficit on the Provision of Services	0	154,618	12,964	167,580

Net Charge for the Pensions Adjustment

Net charge for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- **For services** this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- **For Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the CIES.

Other Differences Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute and to comply with presentational requirements.

Note 4a – EXPENDITURE ANALYSED BY NATURE

Expenditure Analysed by Nature

Expenditure and income are analysed as follows:	2020/21 to 9 May £000	2019/20 £000
Expenditure		
Employee benefits expenses	645,702	574,112
Premises related expenditure	34,464	20,623
Supplies and services	71,438	63,584
Transport related expenditure	31,377	31,801
Other service expenses	40,223	37,564
Pension related expenditure	137,474	143,007
Intra Group Funding	(793,096)	(687,660)
Total expenditure	167,581	183,030
Surplus or Deficit on the Provision of Services	167,581	183,030



Note 5 – ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Chief Constable in the year in accordance with the proper accounting practice.

The following adjustments are for 2020/21 to 9 May

Pensions Reserve Adjustments:	
Reversal of items debited or credited to the CIES Employer's pensions contributions	
Accumulated Absences Adjustment Account: Officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year	
Total Adjustments	

Usable Reserves	
Police Fund Balance	Movement in Usable Reserves
£'000	£'000
(329,365)	(329,365)
174,746	174,746
(12,964)	(12,964)
(167,582)	(167,582)

Unusable Reserves		
Pensions Reserve	Accumulated Absences Fund	Movement in Unusable Reserves
£'000	£'000	£'000
329,365	0	329,365
(174,746)	0	(174,746)
0	12,964	12,964
154,619	12,964	167,582

The following adjustments are for 2019/20

Pensions Reserve Adjustments:	
Reversal of items debited or credited to the CIES Employer's pensions contributions	
Accumulated Absences Adjustment Account: Officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year	
Total Adjustments	

Usable Reserves	
Police Fund Balance	Movement in Usable Reserves
£'000	£'000
(337,809)	(337,809)
156,624	156,624
(1,845)	(1,845)
(183,029)	(183,029)

Unusable Reserves		
Pensions Reserve	Accumulated Absences Fund	Movement in Unusable Reserves
£'000	£'000	£'000
337,809	0	337,809
(156,624)	0	(156,624)
0	1,845	1,845
181,184	1,845	183,029

Note 6 – OFFICER REMUNERATION AND EXIT PACKAGES

The remuneration paid to senior employees and senior police officers in the table below includes remuneration for the financial year 2020/21 for the extended period of 13 months and 9 days, with the comparator table for 2019/20 being a 12 month period.

CC 2020/21 to 9 May		Salary, Fees and Allowances £	Pension Contribution £	Total £
Chief Constable (J Robins)	01.04.20-09.05.21	221,623	65,773	287,396
Deputy Chief Constable (R Foster)	01.04.20-09.05.21	174,238	50,768	225,006
Assistant Chief Constable (Protective Services - Crime)	01.04.20-25.05.20	27,867	5,026	32,893
T/Assistant Chief Constable (Protective Services - Crime)	04.05.20-09.05.21	106,920	28,020	134,940
Assistant Chief Constable (People Directorate)	01.04.20-09.05.21	140,421	39,663	180,083
Assistant Chief Constable (Ops Support)	01.04.20-22.01.21	102,622	29,529	132,151
Assistant Chief Constable (Ops Support)	11.01.21-09.05.21	32,601	9,183	41,784
Assistant Chief Constable (District Policing)	01.04.20-09.05.21	128,349	39,663	168,011
T/Assistant Chief Constable (NPAS)	21.09.20-09.05.21	59,997	16,447	76,444
Assistant Chief Officer (Finance & Business Services) and Chief Finance Officer CC	01.04.20-03.01.21	93,362	13,375	106,737
*Assistant Chief Officer (Finance & Business Services) and Chief Finance Officer CC	01.01.21-09.05.21	40,246	5,687	45,933
TOTAL		1,128,245	303,133	1,431,378

CC 2019/20		Salary, Fees and Allowances £	Pension Contribution £	Total £
Chief Constable (D Collins)	01.04.19-30.04.19	29,772	0	29,772
Chief Constable (J Robins)	01.05.19-31.03.20	174,138	49,993	224,131
Temporary Chief Constable (J Robins)	01.04.19-30.04.19	12,364	3,752	16,116
Deputy Chief Constable	01.05.19-31.03.20	143,546	38,227	181,773
Temporary Deputy Chief Constable	01.04.19-30.04.19	9,811	2,931	12,742
Temporary Assistant Chief Constable (Protective Services - Crime)	01.04.19-30.04.19	112,799	32,162	144,961
Assistant Chief Constable (People Directorate)	01.04.19-31.03.20	118,253	35,690	153,943
Assistant Chief Constable (Protective Services Ops)	01.04.19-31.03.20	114,651	33,806	148,457
Assistant Chief Constable (District Policing)	01.04.19-31.03.20	115,131	35,690	150,821
Assistant Chief Officer (Finance & Business Services) and Chief Finance Officer CC	01.04.19-31.03.20	115,563	14,276	129,839
TOTAL GROUP		946,028	246,527	1,192,555

*From 1 January 2021 to 9 May 2021 the Section 151 Officer role and responsibilities were covered for both the PCC and Chief Constable by the Chief Constable's Chief Finance Officer. 50% of costs relating to this shared role were charged to the OPCC function.

The number of other employees and senior police officers, not disclosed in the table above, receiving more than £50,000 remuneration (excluding employer's pension contributions) are included in the table below. The impact of the extended year end of 13 months and 9 days for 2020/21 has resulted in more employees being captured in this table than the comparator year 2019/20.

CC Remuneration Band	Number of Employees		CC Remuneration Band	Number of Employees	
	20/21 to 9 May	2019/20		20/21 to 9 May	2019/20
£50,000 - £54,999	83	33	£95,000 - £99,999	4	2
£55,000 - £59,999	47	28	£100,000 - £104,999	10	4
£60,000 - £64,999	20	24	£105,000 - £109,999	2	5
£65,000 - £69,999	30	40	£110,000 - £114,999	2	0
£70,000 - £74,999	14	14	£115,000 - £119,999	0	0
£75,000 - £79,999	37	4	£120,000 - £124,999	2	1
£80,000 - £84,999	15	1	£125,000 - £129,999	1	0
£85,000 - £89,999	9	6	£130,000 - £134,999	1	0
£90,000 - £94,999	6	10	£145,000 - £149,999	1	0
			£155,000 - £159,999	0	1

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit Packages CC	Compulsory Redundancies	Other Departures	Total
2020/21 to 9 May	£	£	£
£0-£20,000	4,842	18,588	23,430
£20,001-£40,000	23,465	0	23,465
£40,001-£60,000	0	0	0
£60,001-£80,000	0	0	0
£80,001-£100,000	101,835	0	101,835
£100,001-£150,000	0	0	0
	130,142	18,588	148,730

Exit Packages CC	Compulsory Redundancies	Other Departures	Total
2020/21 to 9 May	No	No	No
£0-£20,000	1	1	2
£20,001-£40,000	1	0	1
£40,001-£60,000	0	0	0
£60,001-£80,000	0	0	0
£80,001-£100,000	0	0	0
£100,001-£150,000	1	0	1
	3	1	4

Exit Packages CC	Compulsory Redundancies	Other Departures	Total
2019/20	£	£	£
£0-£20,000	18,314	20,956	39,270
£20,001-£40,000	30,844	49,672	80,516
£40,001-£60,000	0	155,597	155,597
£60,001-£80,000	0	209,505	209,505
£80,001-£100,000	0	80,208	80,208
£100,001-£150,000	0	215,814	215,814
	49,157	731,753	780,910

Exit Packages CC	Compulsory Redundancies	Other Departures	Total
2019/20	No	No	No
£0-£20,000	4	2	6
£20,001-£40,000	1	2	3
£40,001-£60,000	0	3	3
£60,001-£80,000	0	3	3
£80,001-£100,000	0	1	1
£100,001-£150,000	0	2	2
	5	13	18

The Chief Constable terminated the contracts of a number of employees in 2020/21, incurring liabilities of £0.126m, (£0.4m in 2019/20). There were no severance payments identified as being due in the early part of 2021/22 (£0.03m in 2020/21).

Note 7 – EXTERNAL AUDIT COSTS

The Chief Constable has incurred the following costs in relation to the audit of the Statement of Accounts.

	20/21 to 9 May £000	2019/20 £000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	32	21
Total	32	21

Note 8 – CREDITORS

The short term creditor balance of £29.2m (£16.3m 2019/20) relates to the liability for untaken leave and other accumulated absences due to staff at 9 May 2021.

Note 9 – UNUSABLE RESERVES

Pensions Reserve

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

2019/20 £000	Pensions Reserve	2020/21 to 9 May £000
(5,788,664)	Balance at 1 April	(6,026,612)
(56,763)	Actuarial gains or losses on pensions assets and liabilities	(1,024,997)
(337,809)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(329,365)
77,278	Employer's pensions contributions and direct payments to pensioners payable in the year	94,592
79,346	Employer's pensions contributions and direct payments to pensioners payable in the year	80,154
(6,026,612)	Balance at 09 May 2020/21	(7,206,228)

Accumulated Absences Adjustment Account

The Accumulated Absences Adjustment Account represents the value of the future obligation of the Chief Constable to pay officers and staff in respect of unused accumulated absences not taken in the year, e.g. annual leave entitlement carried forward at 9 May 2021. Statutory arrangements require that the impact on the Police Fund Balance be neutralised by transfers to or from the Account.

2019/20 £000		2020/21 to 9 May £000
(14,439)	Balance at 1 April	(16,284)
(1,845)	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(12,964)
(16,284)	Balance at 09 May 2020/21	(29,248)

Note 10 – RELATED PARTIES

The Chief Constable is required to disclose material transactions and balances with related parties, bodies or individuals that have the potential to control or exercise significant influence over the Force or be controlled or influenced by the Force. Disclosure of these transactions allows readers to assess the extent to which the Chief Constable might have been constrained in his ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the PCC and Group. In this context, related parties include The Police and Crime Commissioner for West Yorkshire; Central Government; Key Management Personnel including Senior Managers and Close Family Members of Key Management Personnel and Other Public Bodies.

The Police and Crime Commissioner for West Yorkshire

The Police and Crime Commissioner has direct control over the Group's finances and is responsible for issuing the Police and Crime Plan. The Chief Constable retains operational independence and operates within the budget set by the Police and Crime Commissioner to deliver the aims and objectives set out in the Police and Crime Plan.

Central Government

Central Government has significant influence over the general operations of the Chief Constable – it is responsible for providing the statutory framework within which the Chief Constable operates, providing the majority of funding in the form of grants to the Police and Crime Commissioner and prescribes the terms of many of the transactions with other parties.

Key Management

Key Management personnel are required to complete a voluntary declaration of any transactions, which they have pecuniary interest in. No interests were declared in 2020/21.

Note 11 – DEFINED BENEFITS PENSION SCHEME

Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Chief Constable.

Termination Benefits

Termination benefits are amounts payable as a result of a decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

Post Employment Benefits

The requirements of International Accounting Standard (IAS) 19 'Employee Benefits' have been fully implemented in accordance with policies set out in the Code of Practice.

Assets and Liabilities

The attributable assets of the LGPS are measured at fair value. As unfunded schemes, the police pension schemes have no assets.

The attributable liabilities of each scheme are measured on an actuarial basis using the projected unit method, that is, an assessment of the future payments that is made in relation to retirement benefits earned to



date by employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of projected earnings for current employees; Scheme liabilities are discounted at the rate, which reflects the time value of money and the characteristics of the liability.

The change in the net pension liability is analysed into seven components:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years, debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
- Net interest expense on the net defined benefit liability (asset) – the change during the period in the net defined liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- Return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset), charges to the Pension Reserve as Other Comprehensive Income and expenditure.
- Actuarial gains/losses - on settlements and curtailments – the result of actions to relieve the Chief Constable 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 Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs;
- Actuarial gains and 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, charged to the Pensions Reserve as Other Comprehensive Income and expenditure.

Contributions paid to the LGPS – cash paid as employers contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

As part of the terms and conditions of employment of its officers and other employees, the Chief Constable makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Chief Constable has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Chief Constable participates in four pension schemes administered by The West Yorkshire Pension Fund for Staff Pensions and XPS for Police Officer Pensions.

The Local Government Pension Scheme for Staff, under the direction and control of the Chief Constable, is a funded scheme meaning that the Chief Constable and employees pay contributions into a fund that is calculated at a level intended to balance the pensions' liabilities with investment assets.

There are three Pension Schemes for Police Officers, which are unfunded schemes:-

- The 1987 Police Pension Scheme for Police Officers (PPS). This scheme was closed to new recruits from April 2006 when a new scheme was introduced with different contribution rates.
- The 2006 New Police Pension Scheme for Police Officers (NPPS). The 2006 scheme was closed to new recruits from April 2015 when a new scheme was introduced.
- The 2015 Police Pension Scheme for Police Officers.

All are unfunded schemes meaning that there are no investment assets built up to meet the pensions liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due.

Following funding changes introduced on 1 April 2006 the Chief Constable now pays an employer's pension contribution into the Pension Fund Account in respect of all schemes.

The schemes provide defined benefits to members (retirement lump sums and pensions) related to pay and service.

Transactions Relating to Post-employment Benefits

A detailed explanation of the accounting arrangements for all schemes is set out in the notes to the Pension Fund Account.

The cost of retirement benefits is recognised in the reported Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Chief Constable is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the Police Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Police Fund Balance via the Movement in Reserves Statement during the year:

	CC		CC	
	LGPS		POLICE PS	
	£000		£000	
	2020/21 to 9 May	2019/20	2020/21 to 9 May	2019/20
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT				
Cost of Services				
Current service costs	47,586	41,536	144,245	121,475
Past service costs	188	730	0	31,155
(Gain)/loss from settlements	0	0	0	0
<i>Finance and Investment Income and Expenditure:</i>	0	0	0	0
Net interest expense	8,988	7,028	128,357	135,884
Total Pension Costs Recognised in the Provision of Services	56,763	49,295	272,602	288,514
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement				
<i>Remeasurement of the net defined benefit liability comprising:</i>				
Return on plan assets Actuarial gain/(loss)	0	0	0	0
Experience (gain)/loss on assets	(163,042)	65,180	0	0
Experience (gain)/loss on liabilities	(7,544)	10,791	(61,378)	0
Actuarial (gain)/loss arising on changes in demographic assumptions	0	(35,075)	0	(92,423)
Actuarial (gain)/loss arising on changes in financial assumptions	288,459	284	968,503	108,006
Total Pension Costs Recognised in Other Comprehensive Income and Expenditure	117,872	41,180	907,125	15,583
Total Pension Costs Recognised in the Comprehensive Income and Expenditure Statement	174,635	90,475	1,179,727	304,097
MOVEMENT IN RESERVES STATEMENT				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(56,763)	(49,295)	(272,602)	(288,514)
Actual amount charged against the Police Fund Balance for pensions in the year:				
Employers contributions payable to scheme	21,887	15,764	66,234	56,426
Retirement benefits payable to pensioners	0	0	6,471	5,088

Reconciliation of the Movements in the Net Defined Benefit Obligation

The amount included in the Balance Sheet arising from the Chief Constable's obligation in respect of its defined benefits plan is as follows:

	CC		CC	
	LGPS		POLICE PS	
	£000		£000	
	2020/21 to 9 May	2019/20	2020/21 to 9 May	2019/20
Fair value of plan assets	830,168	642,552	0	0
Present value of the defined benefit obligation	(1,344,553)	(1,004,189)	(6,691,844)	(5,664,976)
Pension asset/(liability) recognised on the Balance Sheet	(514,385)	(361,637)	(6,691,844)	(5,664,976)

Reconciliation of the Movements in the Fair Value of Scheme Assets

	CC	
	LGPS	
	£000	
	2020/21 to 9 May	2019/20
Opening fair value of scheme assets	642,552	677,351
Interest income	16,526	17,156
<i>Remeasurements gain / (loss)</i> The return on plan assets, excluding the amount included in the net interest expense	163,042	(65,180)
Contributions from employer	21,887	15,764
Contributions from employees into the scheme	9,618	7,972
Benefits paid	(23,458)	(10,511)
Closing fair value of scheme assets	830,168	642,552

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	CC		CC	
	LGPS		POLICE PS	
	£000		£000	
	2020/21 to 9 May	2019/20	2020/21 to 9 May	2019/20
Opening present value of scheme liabilities	(1,004,189)	(964,278)	(5,664,976)	(5,501,764)
Current service cost	(47,586)	(41,536)	(144,245)	(121,475)
Interest cost	(25,514)	(24,184)	(128,357)	(135,884)
Contribution from scheme participants	(9,618)	(7,972)	(27,333)	(23,586)
<i>Remeasurement (gain) and loss:</i>				
Actuarial gain/(loss) arising from changes in demographic assumptions	0	35,075	0	92,423
Actuarial gain/(loss) arising from changes in financial assumptions	(288,459)	(284)	(968,503)	(108,006)
Actuarial gain/(loss) on liabilities - experience	7,544	(10,791)	61,378	0
Past service costs	(188)	(730)	0	(31,155)
Benefits paid	23,458	10,511	180,192	164,471
Closing present value of scheme liabilities	(1,344,553)	(1,004,189)	(6,691,844)	(5,664,976)

Net Present Value of Scheme Assets and Liabilities Recognised in the Balance Sheet

	CC		CC	
	LGPS		POLICE PS	
	£000		£000	
	2020/21 to 9 May	2019/20	2020/21 to 9 May	2019/20
Closing fair value of scheme assets	830,168	642,552	0	0
Closing present value of scheme liabilities	(1,344,553)	(1,004,189)	(6,691,844)	(5,664,976)
NPV of scheme assets and liabilities	(514,385)	(361,637)	(6,691,844)	(5,664,976)

Local Government Pension Scheme assets comprised:

	2020/21 to 9 May		2019/20	
	£000	%	£000	%
Equities	663,304	79.9%	497,978	77.5%
Property	31,546	3.8%	28,915	4.5%
Government Bonds	67,244	8.1%	61,685	9.6%
Corporate Bonds	37,358	4.5%	32,770	5.1%
Cash	18,264	2.2%	12,208	1.9%
Other	12,453	1.5%	8,996	1.4%
Total Assets	830,168	100.0%	642,552	100.0%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels, etc.

The Local Government Pension Scheme was assessed by AON Hewitt and the Police Pension scheme by Mercers, both independent firms of actuaries. The most recent full actuarial valuations in respect of the staff scheme was carried out as at 31 March 2016 and in respect of the police schemes as at 31 March 2019.

The principal assumptions used by the actuaries have been:

	LGPS		POLICE PS	
	2020/21 to 9 May	2019/20	2020/21 to 9 May	2019/20
<i>Mortality assumptions:</i>				
<i>Longevity at 65 (staff) 60 (officers) for current pensioners:</i>				
Men	21.9	21.8	27.1	27.0
Women	24.7	24.6	29.2	29.1
<i>Longevity at 65 (staff) 60 (officers) for future pensioners:</i>				
Men	22.6	22.5	29.3	29.2
Women	25.8	25.7	31.4	31.3
Rate of Inflation CPI	2.60%	1.90%	2.70%	2.10%
Rate of increase in salaries	3.85%	3.15%	4.20%	3.60%
Rate of increase in pensions	2.60%	1.90%	2.80%	2.20%
Rate for discount rate	2.00%	2.30%	2.10%	2.30%

The estimation of the defined benefit obligations is sensitive to these actuarial assumptions.

The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method.

The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in previous periods.

Impact on the Defined Benefit Obligation in the Scheme:

	LGPS		POLICE PS	
	2020/21 to 9 May	2019/20	2020/21 to 9 May	2019/20
<i>Mortality assumptions:</i>				
<i>Longevity at 65 (staff) 60 (officers) for current pensioners:</i>				
Men	21.9	21.8	27.1	27.0
Women	24.7	24.6	29.2	29.1
<i>Longevity at 65 (staff) 60 (officers) for future pensioners:</i>				
Men	22.6	22.5	29.3	29.2
Women	25.8	25.7	31.4	31.3
Rate of Inflation CPI	2.60%	1.90%	2.70%	2.10%
Rate of increase in salaries	3.85%	3.15%	4.20%	3.60%
Rate of increase in pensions	2.60%	1.90%	2.80%	2.20%
Rate for discount rate	2.00%	2.30%	2.10%	2.30%

Impact on the Chief Constable's Cash flows

The objectives of the schemes are to keep employers contributions at as constant a rate as possible.

The Chief Constable's expected contribution to the schemes in 2021/22 is:

Police Pension Scheme £141.099m

Local Government Pension Scheme £17.995m

Police Pension Regulations

The Chief Constable for West Yorkshire, along with other Chief Constables and the Home Office, currently has claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015. These claims against the Police pension scheme (the Aarons case) had previously been stayed behind the McCloud/Sergeant judgement, but have now been lifted and a case management hearing was held on 25 October 2019. The resulting Order of 28 October 2019 included an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. Whilst this interim declaration applies to claimants only, the Government made clear through a Written Ministerial Statement on 25 March 2020 that non-claimants who are in the same position as claimants will be treated in the same way.

On 16 July 2020, HM Treasury issued a consultation regarding transitional arrangements for public sector pensions to eliminate discrimination as identified through the McCloud/Sargeant cases. This consultation introduced a requirement for members to have been members of the scheme on or before 31 March 2012 and on or after 1 April to be eligible for remedy.

On 4 February 2021, HM Treasury issues their response to the consultation which confirmed the remedy arrangements set out in the consultation, and states that members would be given a choice as to whether to retain benefits from their legacy pension scheme, or their new scheme, during the remedy period (2015-2022). This choice will be deferred for members until retirement. As the findings of the original Employment Tribunal did not identify that the introduction of the new public sector pension schemes was discriminatory (rather it was the transitional provision), the legacy schemes will be removed from April 2022 to be replaced by new pension schemes originally introduced in 2015.

The Police Minister has indicated that remedy period will not end before 2022. It is anticipated the Treasury will consult on proposals to implement remedy in the coming months to be followed by primary legislation and scheme regulation.

Impact on Pension Liability

Allowing all members to remain in their existing scheme as at 1 April 2015 would lead to an increase in the Police Pension Scheme liabilities. Scheme actuaries have estimated the potential increase in scheme liabilities for The Chief Constable of West Yorkshire to be £284m of pension's scheme liabilities. This increase was reflected in the IAS 19 disclosure as a past service cost in the 2018/19 accounts.

The impact of an increase in scheme liabilities arising from the McCloud/Sergeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2023/24, although this timetable is subject to change.

The impact of an increase in annual pension payments arising from McCloud/Sergeant is determined through the Police Pension Fund Regulations 2007. These require a police authority 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 sufficient 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.

Compensation Claims

Claimants have lodged claims for compensation. Test cases for these claims are due to be heard by the Employment Tribunal in December 2021. Claims for financial losses are currently stayed as consideration is given to the HM Treasury consultation response. As at 9 of May 2021, it is not possible to estimate the extent or likelihood of these claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

Note 12 – CONTINGENT LIABILITIES

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

Termination Benefits

A major programme of organisational change has been put in place to meet the challenge of reduced resources resulting from the Government's Spending Review. This focuses on protecting as far as possible frontline services, whilst making significant savings in back and middle office and support functions. As a result, there will be a reduction in staff numbers, to be managed predominantly through natural wastage and police staff voluntary redundancies. The Chief Constable has included an estimate of the costs of severance in its medium term financial forecast, to enable it to meet the liabilities as they fall due. At this time, it is not possible to predict a value or timing of any obligation falling due.

Municipal Mutual Insurance (MMI)

The Group has taken professional advice on the amount to provide for the clawback from MMI, but there is potential for the eventual liability to exceed the amount provided for in the accounts. The Group Accounts provides further information.

Note 13 – YORKSHIRE AND THE HUMBER LEAD FORCE COLLABORATION

The Chief Constable engages in collaborative working in partnership with the Yorkshire and Humber Commissioners / Forces to deliver a number of specific services on a regional basis. The Regional Collaborative programme was developed to bring opportunities across many policing activities whilst retaining local identity and accountability.

The governance of this regional programme of activity is via the Regional Collaboration Board.

Regional collaboration is funded from contributions made by the four regional Police Forces with the level of contribution being dependent upon the assessment of the benefit to be derived from each specific project or initiative.

Where benefit is considered equal, contributions are equal with a 25% contribution from each Region. Where benefit is proportionate to size contributions are made in line with each Region's Net Revenue Expenditure (NRE). When all four regional Commissioners and Forces are contributing the NRE, percentages are as follows:

West Yorkshire	42.38%
South Yorkshire	25.01%
North Yorkshire	14.75%
Humberside	17.86%

If less than four Commissioners / Forces are contributing the NRE percentages are adjusted on a pro-rata basis.

In accordance with proper accounting practice, the Chief Constable has accounted for the regional arrangement by accounting for all the income and expenditure for the activity and has responsibility for all assets used and liabilities generated.

Those receiving a service have secured neither joint control of the overall activity nor rights to particular assets or obligations for particular liabilities – i.e. the other parties are only interested in the lead authority delivering the outcomes it has agreed to provide.

The lead force arrangement has been reviewed against IFRS 11 on Joint Arrangements and it has been determined that they fall outside the scope of a joint operation.

2019/20 £000		2020/21 to 9 May £000
	EXPENDITURE	
28,191	Staff Costs	33,351
1,279	Property Related Expenses	1,532
14,045	Supplies and Services	16,923
1,251	Transport Related Expenses	1,025
44,766		52,831
	INCOME	
5,553	Other Income	8,990
39,213	Contributions	43,841
44,766		52,831
0	(DEFICIT)/SURPLUS IN YEAR	0

Note 14 – NPAS

The primary objective of the NPAS project is to deliver a national service that provides the police service with capability from the air that maximises the benefits of air support to the delivery of frontline services. It is an integrated part of the wider policing strategy and harnesses innovation in the aviation sector for the benefits of policing.

The governance of NPAS is via the NPAS Strategic Board.

The NPAS service is funded from contributions made by each Policing Body receiving a service.

In accordance with proper accounting practice, the Chief Constable has accounted for the NPAS arrangement by accounting for all the income and expenditure for the activity and has responsibility for all assets used and liabilities generated.

Those receiving a service have secured neither joint control of the overall activity nor rights to particular assets or obligations for particular liabilities – i.e. the other parties are only interested in the lead authority delivering the outcomes it has agreed to provide.

The lead force arrangement has been reviewed against IFRS 11 on Joint Arrangements and it has been determined that they fall outside the scope of a joint operation.

2019/20 £000		2020/21 to 9 May £000
	EXPENDITURE	
21,478	Staff Costs	23,280
2,611	Property Related Expenses	3,141
712	Supplies and Services	1,546
17,064	Transport Related Expenses	18,751
0	Transfer to Reserves	5,000
41,865		51,718
	INCOME	
(41,453)	Contributions	(46,550)
(412)	Other Income	(5,168)
(41,865)		(51,718)
0	(DEFICIT)/SURPLUS IN YEAR	0

WEST YORKSHIRE POLICE

PENSION FUND

STATEMENT

OF

ACCOUNTS 2020/21 to 9 May



POLICE OFFICER PENSION FUND ACCOUNT STATEMENTS

2019/20 £'000		2020/21 to 9 May £'000
	CONTRIBUTIONS RECEIVABLE	
(54,970)	Employer's Contributions	(63,691)
(1,367)	Early Retirements (Ill Health)	(2,541)
(23,561)	Officers' Contributions	(27,334)
	TRANSFERS IN	
(1,453)	Individual Transfers In from Other Schemes	(517)
(81,351)	TOTAL INCOME RECEIVABLE	(94,083)
	BENEFITS PAYABLE	
129,786	Pensions	148,415
29,858	Commutations and Lump Sum Retirement Benefits	25,102
118	Lump Sum Death Benefits	354
	PAYMENTS TO AND ON ACCOUNT OF LEAVERS	
262	Refunds of Contributions	163
672	Individual Transfers Out to Other Schemes	203
160,697	TOTAL EXPENDITURE PAYABLE	174,237
79,346	NET AMOUNT PAYABLE FOR THE YEAR	80,154
(79,346)	ADDITIONAL CONTRIBUTION FROM EMPLOYER	(80,154)
0		0

NOTES TO THE POLICE OFFICER PENSION FUND

2019/20 £'000		2020/21 to 9 May £'000
	NET ASSETS STATEMENT	
(1,031)	Unpaid Pension Benefits	(69)
1,031	Amount Owing from the Police Fund	69



The Police Pension Scheme in England and Wales

The Pension Fund Accounts have been prepared in accordance with the IFRS Code and on an accruals basis. This means the 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 historic cost.

Each individual Police Force is required, under the Police Pension Fund Regulations 2007, to operate a Pension Fund Account and the amounts that must be paid into and out of the Pension Fund Account are specified by the regulations.

The Fund is administered by the Chief Constable, which pays an employer's contribution to the Fund. The pensions of all retired officers are paid directly from the Fund.

The pension scheme is unfunded and consequently the Fund has no investment assets. Benefits payable are funded by the contributions from the Chief Constable and employees and any difference between benefits payable and contributions receivable is met by a top-up grant from the Home Office.

Employees' and employer's contributions to the Fund are based on percentages of pensionable pay set nationally by the Home Office, subject to triennial valuation by the Government Actuary's Department. The accounting policies applicable to the Fund are set out in the Statement of Accounting Policies.

The Net Asset Statement does not include liabilities to pay pensions and other benefits after the Balance Sheet date.

ANNUAL GOVERNANCE STATEMENT FOR THE CHIEF CONSTABLE OF WEST YORKSHIRE POLICE

This annual governance statement reflects the governance framework in place for the Chief Constable (CC) of West Yorkshire under the Police Reform and Social Responsibility Act 2011.

Scope of Responsibility

The Chief Constable of West Yorkshire is responsible for maintaining the Queen's peace and has direction and control over the officers and staff operating within West Yorkshire Police. The Chief Constable holds office under the Crown and is appointed by the Police and Crime Commissioner for West Yorkshire (PCC), subject to confirmation by the Police and Crime Panel for West Yorkshire.

During the period of these financial statements the Lead Local Policing Body for West Yorkshire was the PCC for West Yorkshire. Following the transfer of the PCC Functions to the West Yorkshire Mayor on the 10th of May 2021, with the Legal Body being the West Yorkshire Combined Authority. For the purposes of the document PCC refers to the arrangements in place for the period of these financial statements and prior, and Mayor refers to current and future governance arrangements.

The Chief Constable has a professionally qualified Chief Financial Officer (CFO). Under the Police Reform and Social Responsibility Act 2011, the West Yorkshire Police CFO has a personal fiduciary duty by virtue of their appointment as the person responsible for the proper financial administration of West Yorkshire Police. This includes requirements and formal powers to safeguard lawfulness and propriety in expenditure (Section 114 of the Local Government Act 1988 as amended by paragraph 188 of Schedule 16 to the Police Reform and Social Responsibility Act 2011 ("2011 Act")). The Chief Constable's CFO is a key member of the Chief Constable's Chief Officer Team. The CFO is actively involved in, and able to bring influence to bear on, strategic business decisions of the Chief Constable to ensure immediate and longer term implications, opportunities and risks are fully considered. The CFO attends a bi-monthly Joint Executive Group with the PCC and Chief Constable at which key strategic and joint decisions are taken and, on occasion, attends other weekly community outcome or bi-lateral meetings held between the Chief Constable and the PCC where the PCC holds the Chief Constable to account. The CFO leads the promotion and delivery by the Chief Constable of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively. The CFO ensures the finance function is resourced to be fit for purposes and oversees that appropriate management accounting systems, functions and internal controls are in place so that finances are kept under review on a regular basis.

Under S.35 of the 2011 Act in exercising their functions the Chief Constable must ensure that good value for money is obtained and this includes ensuring that persons under their direction and control obtain good value for money in exercising their functions. West Yorkshire Police (as a standalone entity) is legally required to produce an Annual Governance Statement. The Statement helps the PCC (and now the Mayor) to hold the Chief Constable to account for efficient and effective policing. The Statement sits alongside the statutory accounts for the Chief Constable and gives assurance to the PCC of West Yorkshire Police's governance arrangements. In addition, the PCC produces its own Governance Statement.

The Governance Framework

Although the Chief Constable is responsible for operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements for the governance of the Force, the PCC is required to hold the Chief Constable to account for the exercise of those functions and those of the persons under their direction and control. It therefore follows that the PCC must satisfy himself that the Force has appropriate mechanisms in place for the maintenance of good governance, and that these operate in practice. West Yorkshire Police and the PCC have a joint assurance framework that is reviewed by the Joint Independent Audit and Ethics Committee.

This statement has been prepared to state West Yorkshire Police current governance arrangements, to report their effectiveness during the year and to outline future actions planned to further enhance arrangements. Part of the governance arrangements include the Force Accountability Meeting. This is attended by the Senior

Managers in the organisation where the Chief Constable holds senior managers to account for performance and delivery against the Policing Strategy and the Police and Crime Plan.

Corporate Governance Reporting and Processes

The West Yorkshire Police Chief Officer Team, led by the Chief Constable, is responsible for ensuring West Yorkshire Police has a corporate governance framework that reflects the principles of openness, integrity, accountability and equality, and supports the delivery of quality policing.

The governance framework enables West Yorkshire Police to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services, including achieving value for money. An annual review of this framework takes place and appropriate improvements are made to ensure that it remains fit for purpose.

The Chief Officer Team attend a daily operational briefing to discuss performance with all District Commanders.

The Force carries out a monthly programme of Local Accountability Meetings where Chief Officers hold each District or Department to account for the delivery of their plan. West Yorkshire Police management devise a system of internal controls to help ensure that objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the assets and interests of the PCC are safeguarded.

Organisational Structures and Processes

Decision making structures are well established and regularly reviewed to ensure they are fit for purpose. The West Yorkshire Police and Crime Plan sets out policing priorities, the resourcing of those priorities, and performance targets. It reflects the areas of greatest importance locally, identified through extensive consultation with the public, or where performance improvement is required. Our plan and our planning process are complementary to other partnership plans such as Community Safety Partnerships, Local Criminal Justice Board and Local Strategic Partnerships.

We will work closely with our partners in order to ensure consistency and alignment where possible. The Chief Constable holds regular Senior Leadership Forums that are attended by the Force Chief Officer Team, District Commanders and Heads of Departments. These forums are used to consult on and develop policy and ensure the engagement of the senior managers of the organisation in change and develop their leadership skills. Police and Crime Plan objectives are cascaded throughout the organisation via Divisional and Departmental Plans and included as appropriate in Team Accountability Meetings (TAMs) and individual Accountability meetings (IAMS) and annual Performance Development Reviews (PDRs).

The PCC approves an annual budget for Force activity that is aligned to the Police and Crime Plan.

The risk management process by which the West Yorkshire Police identifies and seeks to prevent and mitigate key risks

An infrastructure has been established to support the effective management of risk and ensure that information on risks is gathered and acted on in a consistent and efficient manner. Joint Independent Audit and Ethics Committee members consider risk management reports helping to improve the adequacy and effectiveness of risk assessment, risk management and internal control.

The Risk Management Group annually review the Risk Management policy statement and policy guidance.

The Force recognises exposure to a wide and diverse range of risks and opportunities in securing the delivery of priorities and objectives. All employees, volunteers, contractors and partners are responsible for identifying and managing risks as part of their role and the Deputy Chief Constable (DCC), as corporate sponsor, ensures that risk management is supported and championed at Chief Officer Team level.

The risk management policy provides clear guidance by which the Force manages uncertainty in a structured and effective way. The risk management framework and infrastructure provide a solid foundation for risk

management and standard for consistency ensuring that information on risks is gathered and acted upon in an efficient manner.

Risk management is fully embedded into the business planning process including operational performance reviews in order to identify the threat, harm and risk facing the Force in order to prioritise and identify areas which need resourcing.

The Risk Management Group, chaired by the DCC, meets quarterly to monitor changes to the Force risk profile and process. The Head of Risk Management and Insurance attends the meetings and reports as appropriate to the Chief Constable and to the Joint Independent Audit and Ethics Committee. Risk management awareness is included in the Force Induction Programmes and ongoing training and guidance is provided appropriate to the level of skill and expertise required through a variety of media.

Business Continuity

West Yorkshire Police has robust plans in place to ensure business continuity following incidents. The Business Continuity Co-ordinating Group, comprising of relevant Departmental Heads, will assist the Force Business Continuity Co-ordinator in developing the business continuity management process and respond to any business continuity crisis, as required.

Insurance

The PCC continues to maintain, develop and renew his insurance programme in order to minimise financial risks including an annual review of the personal insurance indemnity policy and standard operating procedure.

Health and Safety

West Yorkshire Police takes very seriously its responsibility for the health and safety of all who attend the premises where the business of West Yorkshire Police is conducted or are affected by our undertaking. The overall responsibility for health and safety matters rests with the Chief Constable, who ensures that effective procedures and processes are in place.

Reviewing and updating standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks

Financial instructions are reviewed and updated regularly to ensure they remain fit for purpose. Procedure notes and manuals are in place for all key systems and are reviewed regularly. The West Yorkshire Police Scheme of Delegation has been reviewed and sets out financial authorisation levels for police officers and staff throughout the organisation. A Medium Term Financial Strategy is in place and is fully linked to the organisation's strategic objectives. At an operational level, rigorous and regular budget monitoring takes place and a well-established fraud assurance programme is in place. Robust management of income collection and debt recovery continues.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

Processes for ensuring compliance with relevant law and regulations are well established and work effectively. All reports to Chief Officer Team and Project Boards together with all reports presented to the PCC must consider legal implications.

A Regional procurement strategy is in place with regular procurement reporting to Regional and Force governance structures.

Determining the conditions of employment and remuneration of officers and staff, within appropriate national frameworks

Processes for determining the conditions of employment and remuneration of officers and staff within appropriate national frameworks are well established. Modernisation of police pay reports go to Force Chief Officer Team detailing financial impacts, risks and progress to date. Regular equal pay reviews are undertaken and there is a focus on maintaining market competitive pay and benefits. The Force operates an approved job evaluation scheme based upon role profiles for each post. Regular strategic and local consultation is undertaken with staff associations and trades unions.

Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

A Performance Development Review process exists that identifies, manages and monitors work related and personal development objectives for all Police Officers and Police Staff. Skills training programmes are available through the Force Training and Development Centre, The College of Policing and external suppliers where appropriate.

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

The PCC manages a comprehensive survey programme that produces reliable and independent information at a neighbourhood level to assess public satisfaction with policing and to understand local priorities and concerns.

The PCC has extended his web and social media based consultation and has a well-established Youth Advisory Group in line with his election pledges and the Police and Crime Plan. The PCC continues to be public facing and engage with all sections of the community, partners and stakeholders to make sure that he is accountable day to day to the people he serves and continues to consult regularly and meaningfully with the people of West Yorkshire.

The Chief Officer Team conduct monthly local accountability meetings in Districts and Departments. These are intended to discuss local issues and local performance with local staff. Below these meetings are a series of Team Accountability Meetings and Individual Accountability Meetings all of which are focussed on local issues and performance.

Whistleblowing and receiving and investigating complaints from the public and handling citizen and other redress

A confidential reporting policy is in place to enable officers and staff to report any concerns about malpractice or unlawful actions without fear of retribution.

The PCC has made a commitment to putting things right and has a range of policies in order to deal with public complaints. Further resources are being devoted to casework and complaint handling with the creation of specific email addresses and briefing and decision templates to record the action taken by the PCC.

Complaint handling in WYP is monitored in regular meetings between the Head of Professional Standards Department and the Interim Chief of Staff of the OPCC or the IOPC. Specific casework or complaint matters are raised in community outcome meetings between the Chief Constable and the PCC.

Matters that are contentious, repercussive or novel are raised in quarterly meetings of the PCC's Good Governance Group, which is chaired by the Chief of Staff.

Internal Audit Assurance

Internal Audit is an independent assurance service, which provides an objective opinion on the effectiveness of the risk management, control and governance processes. In discharging these responsibilities, the Internal Audit function operate in accordance with recognised internal audit practices as defined in the Public Sector Internal Audit Standards (PSIAS).

The Internal Audit function was subject to an External Quality Assessment (EQA) in August 2017 in compliance with the requirements of the PSIAS which states that the function should be subject to external assessment at least once every five years. This assessment provided confirmation and assurance that the audit strategy, planning and reporting processes adopted conforms to the International Standards for the Professional Practice of Internal Auditing (IPPF).

Internal Audit provide an independent opinion annually on the adequacy and effectiveness of the system of internal control and has concluded in 2020/21 that reasonable assurance can be given regarding the overall internal control environment.

The opinion provided is based upon the audit programme undertaken during 2020/21 which was designed to provide assurances on key risks and the main financial systems within the organisation. The acceptance/agreement and the actioning of recommendations by management are also considered in the determination of the overall opinion. The annual audit opinion is reported to the Joint Independent Audit & Ethics Committee.

Role of the Chief Financial Officer in Local Government

CIPFA have published a “Statement of the Role of the Chief Financial Officer in Local Government” which describes the role and responsibilities of the CFO and sets out five key principles that define the core activities and behaviours that underpin the role, and the organisational arrangements required to support them. There is an expectation that authorities will comply with the statement or explain their reasons for not doing so.

The five key principles are that the CFO:

- Is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority’s strategic objectives sustainably and in the public interest
- Must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority’s overall financial strategy
- Must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively
- Must lead and direct a finance function that is resourced to be fit for purpose
- Must be professionally qualified and suitably experienced.

The Chief Finance Officer undertakes the role of CFO in accordance with the arrangements detailed in the Home Office Financial Management Code of Practice, and in compliance with the CIPFA statement. CIPFA recently published a revised Financial Management Code. We are currently reviewing our arrangements against those of the revised code.

Standards of Behaviour

Codes of conduct are in place for police officers and police staff. Relevant officers in the Force are also subject to professional codes of conduct for their particular profession. At least once a year, the Force policy on professional standards is reviewed by the Professional Standards Department and assessed based on its effectiveness and discrepancies over that period. West Yorkshire Police expects all members of staff always to be honest, truthful and sincere. We will uphold, administer and enforce all laws without bias or prejudice in a just, consistent and reasonable manner. A Code of Ethics is well embedded throughout the organisation.

Significant Governance Issues

Significant governance issues are defined as

- An issue which has prevented or seriously prejudiced achievement of a principal objective
- An issue where additional funding has had to be sought in order to resolve it
- An issue which has resulted in a material impact on the accounts
- An issue which the Head of Audit and Risk has specifically highlighted in the annual audit opinion



- An issue which has attracted significant public interest and has damaged the reputation of the PCC and/or WYP
- An issue which has resulted in formal action being taken by the Chief Finance Officer and/or the Monitoring Officer.

The extent of organisational change required to achieve the significant forecast budget reductions required means that the PCC and WYP will continue to face an environment of increased uncertainty and risk. During the period of these financial statements the Lead Local Policing Body for West Yorkshire was the PCC for West Yorkshire. Following the transfer of the PCC Functions to the West Yorkshire Mayor, with the Legal Body being the West Yorkshire Combined Authority. For the purposes of the document PCC refers to the arrangements in place for the period of the accounts and prior, and Mayor refers to current and future governance arrangements.

Covid-19 had a significant impact on the organisation during 2020/21 however does not in itself meet the definitions above in the context of West Yorkshire Police, it was felt appropriate to outline measures put in place to deal with the pandemic.

Covid-19

On 3rd March 2020, the Government published its Coronavirus action plan and this was followed by guidance from Public Health England (PHE) for first responders, including the police. In response on Thursday 12th March 2020, the Force established a Gold Group looking at how the virus would affect West Yorkshire Police both operationally and for the staff and constant updates are provided from this meeting.

On Monday 16th March, the government increased the isolation advice and on 23rd March, the current lockdown period started. The guidance for first responders from PHE was last updated on 24th March.

Responding to Covid-19 required the Force to instigate emergency procedure, governed through the Gold Group command structure, to manage operational response, business continuity and risk across all functions, making decisions with regard organisational strategy, policy or procedural changes and assess the impact on West Yorkshire Police both in terms of operationally and for officers and staff.

Risk management and Business Continuity plans were key in the Force's response to Covid-19. Business continuity plans were reviewed and implemented where applicable, with scenario contingency planning daily to reflect the fast changing environment.

Through the Silver command governance structure, the Force established a COVID-19 specific risk register that continues to be reviewed and updated. Health and Safety requirements and concerns were also incorporated into the Silver command structure, both of which are reported into the Gold commander.

Signed

John Robins
Chief Constable
West Yorkshire Police
Date:

Katherine Johnson
Chief Constable's Chief Financial Officer
West Yorkshire Police
Date:

GLOSSARY OF TERMS

Accounting Policies

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- Recognising
- Selecting measurement bases for and
- Presenting

Assets, liabilities, gains, losses and changes to reserves.
Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the revenue account or Balance Sheet it is to be presented.

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- (a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses), or
- (b) the actuarial assumptions have changed.

Budget

A statement of the PCC's plans in financial terms. A budget is prepared and approved by the PCC prior to the start of each financial year.

Chief Constable (CC)

The Chief Constable is a separate corporation sole, which was established on 22 November 2012 under the Police Reform and Social Responsibility Act 2011.

CIPFA

The Chartered Institute of Public Finance and Accountancy. This is the main professional body for accountants working in the public services.

Commuted Lump Sums

These are the amounts paid to officers when they retire, if they choose to have a lower pension.

Contingent Liabilities

A contingent liability is either:

- (a) a possible obligation arising from the past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the PCC's control, or
- (b) a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

Creditors

Amounts owed by the PCC Group for work done, goods received or services rendered which have not been paid for by the end of the financial year.



Current Service Cost (Pensions)

The increase in the present value of a defined benefits scheme's liabilities expected to arise from the employee service in the current period.

Debtors

Sums of money due to the PCC Group for work done or services supplied but not received at the end of the financial year.

Deferred Liabilities

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

Defined Benefits Scheme

A pension or other retirement benefit scheme, other than a defined contribution scheme, with rules that usually define the benefit independently of the contributions payable and where the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

Financial Year

The 12 months commencing on 1 April covered by the accounts.

IAS19

The objective of International Accounting Standard (IAS) 19, *Accounting for Retirement Benefits in Financial Statements of Employers* is to prescribe the accounting and disclosure for employee benefits (that is, all forms of consideration given by an entity in exchange for service rendered by employees). The principle underlying all of the detailed requirements of the Standard is that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

IFRS

International Financial Reporting Standards, as agreed by the UK accountancy profession and the Accounting Standards Board.

Going Concern

The concept that the Chief Constable 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.

Group

The term Group refers to the Police and Crime Commissioner for West Yorkshire (PCC) and the Chief Constable for West Yorkshire (CC).

Impairment

A reduction in the value of a non current asset below the amount shown on the balance sheet.

Local Policing Body

The collective term describing elected police and crime commissioners for each police area outside of London and the Mayor's Office for Policing and Crime for the metropolitan police district.

Comprehensive Income and Expenditure Statement

A primary financial statement showing the cost of policing during the financial year.



Police and Crime Commissioner (PCC)

The Police and Crime Commissioner is a separate corporation sole, which was established on 22 November 2012 under the Police Reform and Social Responsibility Act 2011.

Precept

The method by which the PCC Group obtains the income it requires from Council Tax via the appropriate authorities.

Relevant Police Officer

The Chief Constable (England and Wales) and any other senior police officer whose salary is £150,000 per year or more.

Remuneration

All amounts paid to or receivable by a person, and includes sums due by way of expenses allowance (so far as those sums are chargeable to United Kingdom income tax), and the estimated money value of any other benefits received by an employee otherwise than in cash (e.g. benefits in kind).

Senior Employee

A senior employee is an employee whose salary is more than £150,000 per year, or one whose salary is at least £50,000 per year (to be calculated pro rata for a part-time employee) and who is:

- (a) the designated head of paid service, a statutory chief officer or a non-statutory chief officer of a relevant body, as defined under the Local Government and Housing Act 1989
- (b) the head of staff for a relevant body which does not have a designated head of paid services, or
- (c) any person having responsibility for the management of the relevant body, to the extent that the person has power to direct or control the major activities of the body, in particular activities involving the expenditure of money, whether solely or collectively with other persons.

Senior Police Officer

A senior police officer is defined as a member of a police force holding a rank above that of superintendent (i.e. chief superintendent and above).