



COMISIYNYDD
HEDDLU A THROSEDDU
DYFED-POWYS
POLICE AND CRIME
COMMISSIONER



Heddlu • Police
DYFED-POWYS

Diogelwch ein Cymuned - Safon uchaf i'w ceri Community

Police & Crime Commissioner for Dyfed Powys

*Statement of Accounts 2015/16
(Group Accounts)*

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Narrative Report

Introduction

On 15th November 2012 Mr Christopher Salmon was elected as Police and Crime Commissioner for Dyfed-Powys and took up office on the 22nd November 2012, at which time Dyfed-Powys Police Authority ceased to exist. The primary role of the Commissioner is to secure the maintenance of an efficient and effective police force across Carmarthenshire, Pembrokeshire, Ceredigion and Powys and to hold the Chief Constable of Dyfed-Powys to account for the exercise of operational police duties under the Police Act 1996.

On 5th May 2016 Mr Dafydd Llywelyn was elected as the new Police and Crime Commissioner for Dyfed-Powys and will approve the Statement of Accounts although he did not take office until after the end of the 2015/16 financial year.

The purpose of the foreword is to provide an insight into the most significant aspects of the Commissioner's performance (Mr Christopher Salmon was in office for the whole of the 2015/16 financial year) and the financial position which are presented in detail in the Statement of Accounts that follow. All references to the Commissioner that follow relate to Mr Christopher Salmon.

Statement of Accounts

These are the fourth statutory accounts prepared under the new governance arrangements. Both the Commissioner and Chief Constable as separate legal entities (corporations sole) must produce their own Statement of Accounts, with the Commissioner also being responsible for production of the Group Accounts (within which the Commissioner's accounts are contained).

The following is an explanation of the statements that follow, their purpose and the relationship between them:

- **Independent Auditor's Report**, this sets out the opinion of the external auditor, the Wales Audit Office, on whether the Group accounts presented give a 'true and fair view' of the financial position and operations of the Commissioner for 2015/16;
- **Statement of Responsibilities for the Statement of Accounts** - this statement sets out the responsibilities of the Commissioner and his Chief Finance Officer;
- **Annual Governance Statement** - this statement is not a part of the Statement of Accounts but is published alongside the Statement of Accounts. This statement describes how the Group conducts business in accordance with proper standards and presents the findings from the annual review of the effectiveness of the systems of internal control;
- **Movement in Reserves Statement** - this statement shows the movement in the year on the reserves held by the Group, analysed into "usable reserves" (monies which can be applied to fund capital expenditure or to reduce local taxation) and unusable reserves (monies that cannot be used to provide services and exist through the application of accounting standards, for example, the pension reserve that matches the pension liability);
- **Comprehensive Income and Expenditure Statement** - this statement summarises the resources that have been generated and consumed in providing policing and crime reduction services during the year. It includes all day to day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year;
- **Balance Sheet** – this shows the value as at the Balance Sheet date of assets and liabilities recognised by the Group. The net assets (assets less liabilities) are matched by the usable and unusable reserves;

- **Cash Flow Statement** – this statement summarises changes to cash and cash equivalents during the reporting period;
- **Police Pension Fund** - this summarises the income and expenditure during the reporting period relating to police pensions. The account shows the top up grant due from the Group to the Pension Fund Account. Subsequently the Home Office reimburses the Group for money paid over to the Pension Fund Account and effectively underwrites the deficit on the Pension Fund Account. This practice would work in reverse if the Pensions Fund Account were to show a surplus at the end of the year;
- **Notes to the Accounts** – these provide additional information that further explains items included within the main financial statements with an aim of improving the reader's understanding of the main financial statements;
- **Glossary of Terms** – this is not a part of the Statement of Accounts but is included to assist the reader's understanding of the Statement of Accounts.

Financial Performance of the Group

In February 2015, the Police and Crime Commissioner set a revenue budget for the financial year 2015/16 of £93.332m. After receiving a Home Office Grant of £37.511m, National Non-Domestic Rates of £11.362m and a Revenue Support Grant of £1.426m, £43.033m was raised from Council Tax.

The Table below sets out the final out-turn position for 2015/16 compared with the revised budget for the Chief Constable, Commissioner and for the Group as a whole. Overall the Group delivered a balanced budget.

This report is in a subjective analysis format which is used by internal management for reporting purposes against the budget. The format differs to the Comprehensive Income and Expenditure Statement and a reconciliation between the two formats is shown in the *Amounts reported for resource allocation decisions* note.

	Group			Commissioner			Chief Constable		
	Budget £'000	Actual £'000	Variance £'000	Budget £'000	Actual £'000	Variance £'000	Budget £'000	Actual £'000	Variance £'000
Employee Costs	88,489	87,395	1,094	853	741	112	87,636	86,654	982
Premises Costs	3,563	3,706	(143)	0	0	0	3,563	3,706	(143)
Transport Costs	2,757	2,155	602	17	13	4	2,740	2,142	598
Supplies & Services	8,395	8,480	(85)	219	147	72	8,176	8,333	(157)
Agency & Contracted Services	3,667	5,175	(1,508)	1,560	1,350	210	2,106	3,825	(1,719)
Total operating expenses	106,871	106,911	(40)	2,649	2,251	398	104,222	104,660	(438)
Capital Financing Costs	493	12,121	(11,628)	0	41	(41)	493	12,080	(11,587)
Impairment	0	(40)	40	0	0	0	0	(40)	40
Gain/Loss on disposal of non-current assets	0	(268)	268	0	0	0	0	(268)	268
Interest payments on external borrowing	575	325	250	0	0	0	575	325	250
Capital Financing and impairment	1,068	12,138	(11,070)	0	41	(41)	1,068	12,097	(11,029)
Appropriations:									
Appropriations to/from pensions fund	0	0	0	0	0	0	0	0	0
Contributions to/from reserves	(3,054)	(12,507)	9,453	548	1,505	(957)	(3,602)	(14,012)	10,410
Appropriations	(3,054)	(12,507)	9,453	548	1,505	(957)	(3,602)	(14,012)	10,410
Fees, charges & other service income	(4,080)	(5,524)	1,445	(161)	(718)	557	(3,919)	(4,806)	887
Government grants (Revenue & Capital)	(7,474)	(7,686)	212	(576)	(619)	43	(6,897)	(7,067)	170
Total Income	(11,554)	(13,210)	1,657	(737)	(1,337)	600	(10,816)	(11,873)	1,057
Budget Requirement	93,332	93,332	0	2,460	2,460	0	90,872	90,872	0
Financed By:									
Police Grant	(37,511)	(37,511)	0						
National Non- Domestic Rates	(11,362)	(11,362)	0						
Revenue Support Grant	(1,426)	(1,426)	0						
Council Tax	(43,033)	(43,033)	0						
Total financing	(93,332)	(93,332)	0						

Key points to note on the table that follows are:

Commissioner

- The Commissioner's Office spent £112k less than budgeted on employee expenditure. This is due to difficulties experienced in filling empty posts at the beginning of the year and due to making a change to the departmental structure during the year.
- Non-pay (excluding commissioning) expenditure was £76k under budget. This is predominantly due to £36k of expenditure made on a software system meeting the criteria to be capitalised and therefore not needing to be funded from the revenue budget. In addition, restraint was applied towards the end of the financial year during the pre-election period.
- Overall, commissioned services have cost £210k less than the budget. This is due to a combination of many factors – a delay in the start of the alcohol liaison scheme and alcohol diversionary scheme resulted in expenditure of £60k being rolled forward into 2016/17. Work on the resettlement panel for youth offenders

will not begin until 2016/17 and a volunteer support scheme was terminated early. These factors combined with staff savings made up the remainder of the underspend.

- The Commissioner received more income than budgeted from driver retraining courses held during the year and as a result £557k was transferred to reserves. The Commissioner carried out a public consultation during 2015 to determine how the money should be spent and the public voted for these funds to be reinvested in road safety schemes. Therefore the Road to Safety scheme was launched and funds initiatives that help make the roads in Dyfed Powys safer.

Chief Constable

- **Employee Costs:** Actual staffing costs were £982k under the revised budget set for 2015/16. Within this, variation was been apparent across pay, overtime and on-cost headings for all staff groups. Police Officer ill-health retirement spending was below budget for the year by around £412k. This category accounts for the largest underspend within employee costs.
- **Premises Costs:** The Force overspent £143k against the revised premises budget for the last financial year. Part of the overspend was as a result of the capital programme of works for the Carmarthenshire custody facility rebuild being put on hold. This has resulted in greater revenue costs but lower capital costs than predicted when the budget was set.
- **Transport Costs:** The Force underspent against the original budget for transport costs by some £598k. The Force benefitted from significant reductions in fuel costs during the year which contributed £320k towards this savings figure. In addition to this, the Force joined the National Police Air Service (NPAS) from January 2016 which has resulted in payments for helicopter maintenance and support being replaced with one composite payment from the "Agency and Contracted Services" heading from this date.
- **Supplies & Services:** The table above shows that the Force overspent against the revised budget by £157k. This small overspend of just under 2% was as a result of a number of smaller variations spread across a number of budget codes.
- **Agency and Contracted Services:** This heading overspent by £1.719m being attributable largely to the additional net budgetary impact of the early termination of the Ammanford Police Station PFI contract. This was funded by an additional contribution from reserves. In addition a payment of £222K was paid for Air Support services to NPAS for the final quarter of the financial year. Some cost increases in the provision of medical support at custody units and the implementation of an appropriate adult service also contributed to this overspend.
- **Capital Financing:** This heading has been affected by the Commissioner's decision to repay all outstanding historic borrowing from earmarked reserves in the year. This resulted in an additional one off budgetary impact of £7.0m. In addition, the overspend position against this heading is affected by the repayment of the outstanding liability held against the Ammanford PFI contract of £2.470m. An additional sum of £1.250m has been set aside from revenue as a contribution towards the funding of capital spending in the year. Although this was planned, this transfer was not reflected in the original Force revenue budget.
- **Income Headings:** An earmarked reserve of £848k was transferred to the Chief Constable's accounts from the Go Safe partnership, which the Force now

administers. Additional income was also received in respect of historic site sharing arrangements.

Further details relating to the Chief Constable's operations are provided in the Chief Constable Statement of Accounts 2015/16.

Reserves

During the 2015/16 financial year, usable reserves reduced by £12.6m from £45.5m to £32.9m. The two most significant transactions that accounted for the majority of the decrease in reserves were:

- A repayment of the Capital Financing Requirement. The repayment amounted to £7.3m with £7m funded by reserves and a further £0.3m from the revenue budget. This transaction will save having to make Minimum Revenue Provision payments of £300k annually.
- The termination of the Ammanford Police Station PFI. This PFI was terminated on 19th June 2015. £3.6m of reserves were utilised to fund the termination and doing so will make annual revenue savings in the order of £500k.

The remaining reduction in reserves is the net effect of revenue and capital activities during the year in addition to taking on the administration of the Go Safe partnership which resulted in a transfer of their £848k reserve into these accounts.

Capital Expenditure and Capital Financing

In addition to revenue expenditure, money is incurred on capital assets such as buildings and vehicles which have a long term value to the Commissioner.

Each year the Commissioner approves a capital programme which details where capital expenditure will be incurred. In 2015/16 the capital budget of £9.373m was adopted by the Commissioner.

During 2015/16 actual capital expenditure amounted to £2,920m million. The main variations from the budget are shown below:

Capital Expenditure	Budget	Actual	(Over) / Under	Reason for over/under spend
	£'000	£'000	£'000	£'000
Land and Buildings	4,690	169	4,521	The provision of a new Carmarthenshire custody facility has been put on hold after failing to purchase suitable land to accommodate the new facility. Contract delays and procurement issues have also delayed the estates wide refurbishment programme. This has resulted in greater revenue costs but lower capital costs than predicted when the budget was set.
Vehicles	1,535	1,454	81	Some delays in the delivery of vehicles have caused a slight slippage in this programme.
Furniture and Equipment	3,148	1,297	1,851	There have been delays in delivering body-worn video and in-car video. This programme is now progressing with budget rolled forward into 2016/17.
Total	9,373	2,920	6,453	

This capital expenditure was financed as follows:

Capital Financing	Budget	Actual	(Over) / Under	Reason for over/under spend
	£'000	£'000	£'000	
Capital Receipts	1,500	34	1,466	It was expected that Carmarthen Police Station would be sold during the year however the sale has yet to be completed. Delays in the refurbishment programme have also resulted in the sale of other properties being delayed. A reduced programme of capital works did not necessitate funding to be drawn from capital receipts as budgeted.
Direct Revenue Financing	418	816	(398)	A greater than expected contribution was made.
NPAS Capital Credit	114	29	85	Delays in joining NPAS has resulted in a smaller credit being paid in 2015/16 with a credit of £114k now due in 2016/17.
Borrowing	520	0	520	This was not required.
Capital Reserves	5,696	1,436	4,260	Due to the delays in capital programmes, it was not necessary to utilise reserves to the extent predicted when the budget was set.
Capital Grant and Contributions	1,125	605	520	Grant funded mobile data spend was less than budgeted.
Total	9,373	2,920	6,453	

Discretionary Payments

Nationally, concerns arose during 2013/14 about the legality of some discretionary allowances paid to a small number of chief officers at forces throughout England and Wales which included Dyfed Powys Police. Please refer to the Annual Governance Statement (page 17 – Discretionary payments) for further information.

Looking Ahead

The grant settlement for the 2016/17 financial year was somewhat better than expected with a reduction of 0.6% in cash terms in the core grant. However concerns still exist of the potential impact of a formula funding review. A consultation on a new formula began during 2015/16 but was halted after errors were discovered in the Home Office's formula. A change in the formula could significantly affect the level of funding that the Commissioner currently receives. We are awaiting further information on the timing of any future consultation/implementation of a new formula.

In setting the police element of council tax (known as the precept) the Commissioner was conscious of balancing the pressures on household budgets against the need to provide an effective public policing service. He also took into account the current level of reserves. This resulted in a freeze in the council tax precept payable by residents of Dyfed-Powys at 2015/16 levels.

The outline budget allocated for 2016/17 includes annual recurring cost reductions of £3.129m to be made within the Force. The Medium Term Financial Plan covering the period 2016/17 to 2019/20 was published alongside the budget for 2016/17 and this

highlights a significant degree of uncertainty over the level of funding which will be available to the Commissioner over this period. Due to the Commissioner's decision to reduce the level of reserves by not increasing the precept over the last couple of years and due to the effect of a significant estates capital programme, reserves are expected to decrease from a total of £32.862m in usable reserves at this year-end to £6.018m at the end of 2019/20.

Statement of Responsibilities

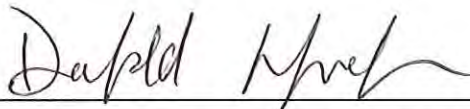
The purpose of this statement is to set out the responsibilities of the Commissioner and the Chief Financial Officer in respect of the Statement of Accounts.

The Commissioner's responsibilities

The Commissioner is required to:

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

I approve the Statement of Accounts for financial year 2015/16.



23/9/16

Police & Crime Commissioner for Dyfed Powys

Date

The Chief Financial Officer's responsibilities

The Chief Financial Officer is responsible for the 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).

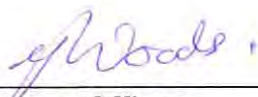
In preparing this Statement of Accounts, the Chief Financial Officer has:

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

The Chief Financial Officer has also:

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

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Group/Commissioner at the reporting date and of its expenditure and income for the year ended 31st March 2016.



23/9/16

Chief Finance Officer

Date

Annual Governance Statement

The annual governance statement is a statutory document which explains the processes and procedures in place to enable the Dyfed-Powys Police and Crime Commissioner (Commissioner) to carry out his functions effectively.

This statement explains how the Commissioner has complied with the CIPFA/SOLACE Framework: "Delivering Good Governance in Local Government (Guidance Note for Police)" and also meets the requirements of regulation 4(2) of the Accounts and Audit (Wales) Regulations 2010 in relation to the publication of a statement of internal control.

New CIPFA/SOLACE guidance for police is expected to be published in June 2016 and will apply from 2016/17 onwards; however, this review follows the guidance in place for 2015/16.

The statement is produced following a review of the governance arrangements and includes an outline of actions to be undertaken to address any significant governance issues identified.

Scope of Responsibility

Both the Commissioner and the Chief Constable are corporations sole and the Policing Protocol Order 2011 sets out the policing governance arrangements, clarifying the role and responsibilities of the Commissioner, the Chief Constable and the Police and Crime Panel and how they should work together to address crime and improve policing.

The Commissioner is responsible for performing his functions as set out in the Police Reform and Social Responsibility Act 2011 and must hold the Chief Constable to account for the exercise of his functions. This includes ensuring that a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk.

During 2013/2014 a joint Code of Corporate Governance was written. This was adopted on 1st April 2014 and is included within the Corporate Governance Framework.

Copies of the above documents are available on the Commissioner's website or can be obtained from the Office for the Dyfed-Powys Police and Crime Commissioner at PO Box 99, Llangunnor, Carmarthen SA31 2PF.

The Purpose of the Corporate Governance Framework (CGF)

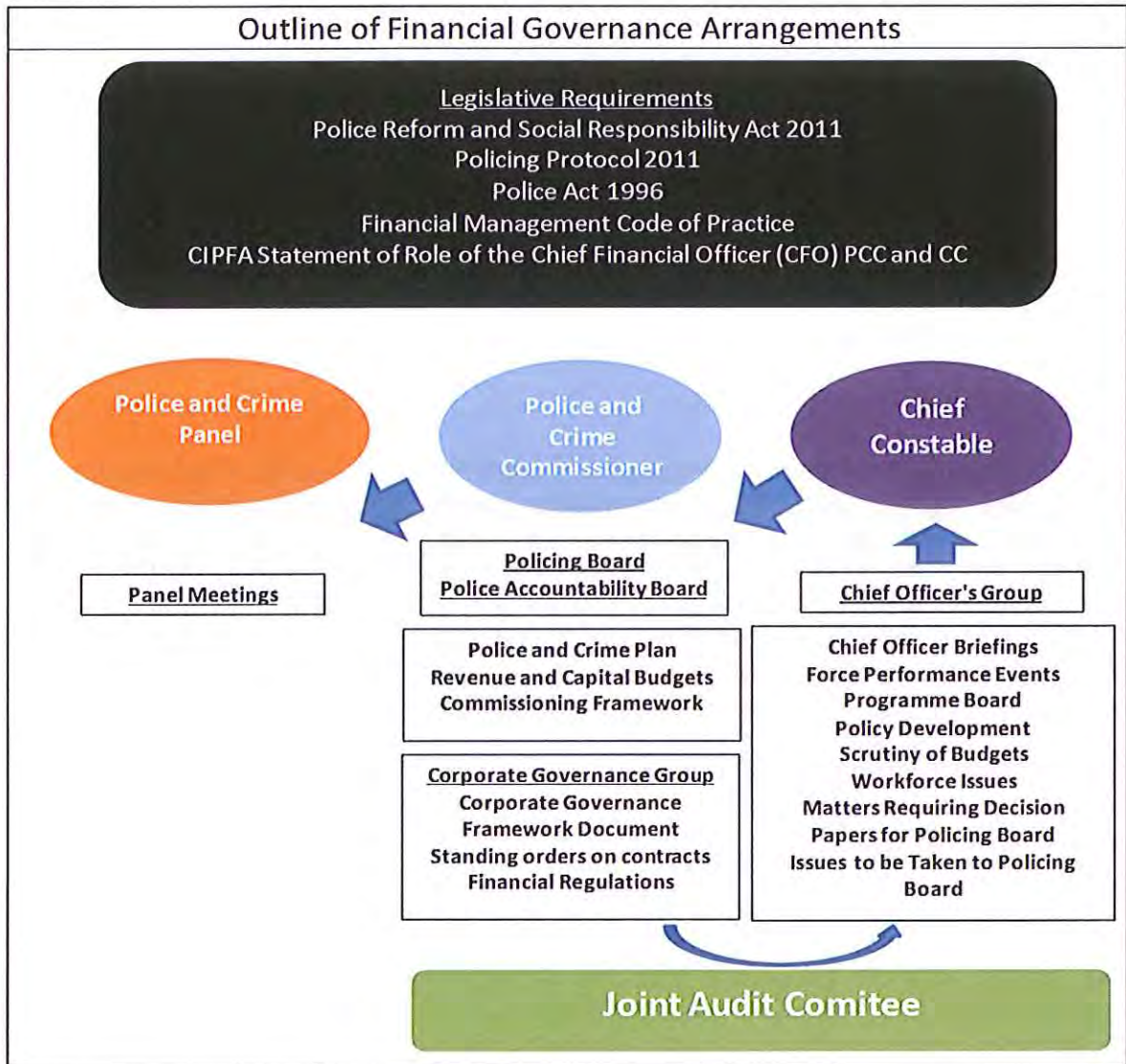
The CGF comprises the systems and processes, culture and values by which the force is directed and controlled by the Chief Constable and its activities through which it accounts to, engages with and leads its communities. It enables the Commissioner to monitor the achievement of his strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of policies,

aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The Governance Framework

An overview of the governance arrangements in being for the financial year is shown in the chart below:



The key elements of the governance framework are explained below:

The Commissioner

On 12th May 2016 Dafydd Llywelyn took office as the new Police and Crime Commissioner for Dyfed-Powys. However, this report covers the 2015/16 financial year. Christopher Salmon was the incumbent Commissioner for the whole of 2015/16 and, unless indicated otherwise, all further references to the Commissioner refer to Christopher Salmon's term of office.

Before commencing in office, the Commissioner took an oath to represent all of the people of Dyfed-Powys impartially, without fear or favour and in making his decisions, he signs off that he has no personal or prejudicial interest in the matter. Both the

Commissioner and Deputy Commissioner (of Christopher Salmon) have agreed to abide by a Code of Conduct providing guidance on ethical standards and behaviour.

A Memorandum of Understanding between the Commissioner and Chief Constable defines the nature of their relationship, providing details of respective responsibilities and expected conduct.

Registers of gifts and hospitality and interests are maintained and the Commissioner's expense claims are disclosed. Staff are subject to vetting, the level of which reflects their access to information.

Police and Crime Plan

In May 2013, the Commissioner issued a five year Police and Crime Plan (Plan). The Plan is updated annually and outlines the vision, police and crime objectives and the strategic direction for policing. The Plan identifies six priorities focusing on making safe neighbourhoods, protecting victims and spending wisely. The Plan was launched via a series of events to ensure that the Commissioner's vision was clearly communicated to the Force, partners and to the public. Each year, the Commissioner issues an annual report summarising progress against each priority within the plan.

Police and Crime Panel

The Police and Crime Panel scrutinises and supports the work of the Commissioner on an ongoing basis. The Panel comprises twelve County Councillors and two Independent Members. The Panel carries out its work through public meetings that are recorded with the agenda and minutes made available to the public via the Commissioner's website. The Panel reviews complaints against the Commissioner. During 2015/16 the Panel referred one complaint against the Commissioner for investigation by the Independent Police Complaints Commission (IPCC). That investigation has now concluded and the investigation report has been published. Further information about the Police and Crime Panel, including its terms of reference are available online.

Joint Audit committee

The Joint Audit Committee (JAC) currently comprises of four members and exists to provide independent assurance that there are adequate controls in place to mitigate key risks and to provide assurance that the Commissioner and Chief Constable are operating effectively. The JAC met four times during 2015/2016 and their judgements are informed by the results of scrutiny activity by Internal Audit, Wales Audit Office, Her Majesty's Inspectorate of Constabulary (HMIC) and other ad-hoc reviews or inspections. JAC also review the Statutory Accounts and medium term financial plan that is produced annually at the time the precept is set. Each year JAC writes an annual report that summarises the activities that they undertook during the year and also set out their priorities for the forthcoming year. The JAC's terms of reference are available on the Commissioner's website.

Internal Audit

The role of internal audit is to provide independent assurance that an organisation's risk management, governance and internal control processes are operating effectively. Our internal auditors carried out audits in 16 different areas of the business, focussing on some of the most significant financial and operational risks. These audits resulted in 4 reviews receiving substantial assurance and 12 receiving reasonable.

The Head of Audit's Annual Opinion concluded that there are "adequate and effective management, control and governance processes to manage the achievement of its objectives". Of particular note is that the audit carried out on governance - strategic planning received an opinion of substantial assurance. The result of which is covered more fully below under "Review of Effectiveness".

Wales Audit Office

The Wales Audit Office (WAO) in carrying out its review of the financial statements provides comments on the system of internal controls that are in place. WAO also report on how services are being delivered, assess whether value for money is being achieved and checks on how organisations are planning and delivering improvements. Again, the result of their work is summarised below under Review of Effectiveness.

Policing Board

A Policing Board has been established with its inaugural meeting held on the 3rd April 2013. The Policing Board is an internal system providing a robust process for the Commissioner to hold the Chief Constable to account in delivering the Police and Crime Plan. The Policing Board meets on a weekly basis and in addition, monthly meetings focusing on the delivery of each of the six priorities identified in the Police and Crime Plan ensure that performance against the priorities are adequately monitored and challenged. This ensures that the Force is regularly challenged leading to an environment of continuous improvement. The Policing Board charter is published as section 6 (Decision Making) of the new Corporate Governance Framework.

Public Decision Logs

The Commissioner produces a public log of decisions made. Each decision is signed by the Commissioner who agrees to abide by the seven principles set out in the Standards in Public Life – the NOLAN Principles – in making his decisions.

Corporate Governance Group

The Corporate Governance Group has delegated responsibility for undertaking the process of maintaining and reviewing the effectiveness of the governance framework. Membership currently includes the Chair of the JAC, the Deputy Chief Constable, the Commissioner's Monitoring Officer and both the Chief Finance Officers for the Commissioner, the Director of Resources and the Director of Legal & Compliance.

Code of Corporate Governance

The new joint CGF was implemented on 1st April 2014. The joint Code of Corporate Governance sets out how the Commissioner and the Chief Constable govern their organisations both jointly and separately in accordance with the six core principles that underpin effective and ethical corporate governance in public service as outlined in The good Governance Standard for Public Services (2004). The Scheme of Corporate Governance (also contained within the CGF) sets out the key roles of the Commissioner, the Chief Constable and their statutory officers.

Public Engagement

Views of the public and service users are collected through a number of different ways including:

- Citizen's Panels;
- User satisfactions surveys;
- "Your Voice" days (public surgeries held across the Dyfed-Powys area);
- Public Services Bureau previously Quality of Service team (handling complaints and compliments);
- Precept consultation;
- Attendance at key local events for example, the Royal Welsh Show.

Frequent and meaningful engagement with the public enables the Commissioner to understand the needs of the people of Dyfed-Powys to help develop his vision for the local area and also ensures robust public accountability.

Review of Effectiveness

The Commissioner has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. As detailed above, the Corporate Governance Group has delegated responsibility for reviewing the corporate governance framework and also oversees its implementation.

The review of effectiveness was carried out by the Corporate Governance Group and has been informed by:

- Police and Crime Panel views;
- Joint Audit Committee views;
- Internal Audit work;
- Wales Audit Office review and work;
- Policing Board discussions and actions;
- HMIC reviews and reports;
- Other reviews;
- National issues;
- Risks as identified on the corporate and dynamic risk registers;
- Issues raised in the Chief Officer Group meetings;
- Complaints recorded by the Public Services Bureau.

Findings and Actions

The following summarises the most significant governance issues that were identified or addressed during the 2015/2016 financial year:

Issues previously identified

- CGF - The new joint CGF was introduced on the 1st April 2014. An updated version was introduced at the beginning of 2015/16 after the CGF was reviewed to assess its suitability and success. The CGF is now embedded within the organisation and will be reviewed, as a minimum, on an annual basis. During 2016/17 the CGF will be comprehensively reviewed in order to ensure it meets the requirements of the new Commissioner and, in time, the new Chief Constable.
- Risk management – During 2014/15 a new risk framework was developed with both the Commissioner and Chief Constable adopting a corporate risk register and then dynamic risk registers to record and manage risks within the organisation. The dynamic risk registers have been introduced into new areas of the business during 2015/16. The Force has adopted the new risk management

arrangements and developed its Force wide risk appetite and now considers this action completed. The Commissioner has ongoing work to firmly embed its registers into the organisation and is currently looking at developing risk appetites for each risk on the corporate register.

- Partnership Working – The Chief Constable is currently looking at opportunities to collaborate with the other police forces in Wales in line with recommendations made in the summer of 2015 by external consultants that were jointly commissioned to review such opportunities across Welsh police forces. On 1st January 2016 Dyfed-Powys joined the National Police Air Service (NPAS). These new arrangements are currently being monitored for their effectiveness and the governance arrangements of this and any other new collaborations will be scrutinised and monitored throughout the coming financial year. Work to enhance collaborative working with local public sector partners is being taken forward as part of a comprehensive Force Collaboration Strategy which is currently being formulated.
- Public First Programme – This programme of back office restructuring is now complete with staffing and structures in place. Performance monitoring across newly formed functions, as in all other departments, is ongoing and the post implementation assessment of the programme has been carried out. This issue is now considered closed.
- Discretionary payments - Nationally, concerns have been raised over the legality of some discretionary allowances paid to a small number of chief officers in forces throughout England and Wales. Dyfed-Powys Police Authority approved the Chief Officers Benefits Policy but following the concerns raised, legal advice as to the legality of the discretionary payments was sought by the Commissioner. The advice confirmed that the discretionary payments could be unlawful and in light of this, such allowances payable to chief officers were stopped until such time as the legal position was fully clarified. However, the first test case on this matter did not progress to court as anticipated and therefore, having reviewed this issue, the available options, the costs and likely outcomes, the Commissioner decided not to pursue this matter further and Chief Officers who had received such allowances were informed of this decision, drawing this matter to a close.
- Ethics – the College of Policing's Code of Ethics has been embedded throughout the organisation during the year. A working group was established to take forward this work from the "ground up" within the Force. Further work has been undertaken to assess the leadership changes that are necessary to be implemented alongside this and to ensure that the change in culture remains and that officers and staff are empowered to "do the right thing" in their dealings with the public and victims. An Ethics Committee has been established and receives referrals from officers and staff for due consideration and action.
- Business Continuity – Internal Audit have raised a priority 1 (urgent) action point in relation to business continuity. This action remains outstanding although

progress has been made in relation to the development of departmental plans and this work remains on track to be completed during 2016.

Other Governance Matter

- Internal Audit carried out an audit of governance – strategic planning during 2015/16. No recommendations were made and only two operational observations were received. The internal auditors provided a substantial level of assurance on this area of the business.

New Issues Identified During the Year

- HMIC carried out a significant number of inspections during 2015/16. In particular, the HMIC Police Effectiveness, Efficiency and Legitimacy (PEEL) Inspection that took place in 2015 was formally reported upon in early 2016 and assessed the Force as “Requires improvement”. The Force has action plans in place to deliver improvements and this work is still ongoing in 2016/17.
- During 2015/16, the Force received negative press coverage in relation to the scale of relocation expenses paid under the Police Authority’s previous policy. All payments were made in accordance with the policy in place at the time. Such policies are periodically reviewed and updated and a review of chief officer packages is currently being undertaken.
- An allegation has been referred to the IPCC and deemed suitable for local investigation by the West Mercia Constabulary concerning the consequences or otherwise of a former relationship between senior Force personnel on internal force matters. Once the conclusions have been reached, the Corporate Governance Group will consider whether any actions need to be taken to address any issues raised.
- The IPCC has an investigation underway following referral by the Force into allegations received against the Director of Legal and Compliance. The allegations relate to payments made by Dyfed Powys Police for legal services over a number of years to a barrister’s chamber where her then husband worked. The IPCC is investigating what role the Director of Legal and Compliance had in instructing the chambers, in signing off any invoices and whether a potential conflict of interest was declared, when required, in line with force policies and procedures. Again, once the IPCC has completed its investigation, the Corporate Governance Group will consider what actions, if any, need to be taken to address the issues raised.
- The Force has self-referred details of information security breaches to the Information Commissioner’s Office involving the unintended release of confidential personal data to a third party by the Force. This arose as a result of human error and weaknesses in Force systems involving auto population of

email addresses. As a result the Force has taken steps to address these significant issues however a fine of £150,000 has been imposed. The outcome of the investigations into the other security breaches will be reviewed and, if appropriate, an action plan drawn up to address any issues raised.

- The Wales Audit Office issued unqualified opinions on the 2014/15 financial statements of both the Police & Crime Commissioner and the Chief Constable for Dyfed Powys Police. They also confirmed that the Commissioner and Chief Constable had appropriate arrangements in place in the year to secure economy, efficiency and effectiveness in their use of resources. They also noted that whilst progress had been made on developing plans to manage the financial pressures over the medium and longer term, further work was required. This work will continue over the course of 2016/17.

Conclusion

Having carried out the review, we believe that the governance arrangements that are in place continue to be regarded as fit for purpose in accordance with the governance framework. A number of issues previously identified have been successfully addressed and closed as detailed above. That said, the review has also highlighted a number of new issues that must be specifically addressed over the coming financial year.

These issues and related actions will be monitored by the Corporate Governance Group and the Joint Audit Committee over the next twelve months to ensure that governance arrangements are monitored and further strengthened.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:



Dafydd Llywelyn
Police and Crime
Commissioner

Date: 27/9/16

Signed:



Jayne Woods
Chief Finance Officer

Date 27/9/16

Signed:



Gawain Evans
Chair of the Joint Audit
Committee

Date: 26/9/16

Auditor General for Wales' report to the Police and Crime Commissioner for Dyfed Powys

I have audited the accounting statements and related notes of the:

- Police and Crime Commissioner for Dyfed Powys;
- Police and Crime Commissioner for Dyfed Powys Group; and
- Dyfed Powys Police Pension Fund

for the year ended 31st March 2016 under the Public Audit (Wales) Act 2004.

The Police and Crime Commissioner for Dyfed Powys' accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet and Cash Flow Statement.

The Police and Crime Commissioner for Dyfed Powys' Group accounting statements comprise the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet and the Group Cash Flow Statement.

The Dyfed Powys Police Pension Fund's accounting statements comprise the Fund Account, and the Net Assets Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the Auditor General for Wales

As explained more fully in the Statement of Responsibilities for the Statement of Accounts as set out on page 11, the responsible financial officer is responsible for the preparation of the statement of accounts, including the Police and Crime Commissioner for Dyfed Powys' Group accounting statements and the Dyfed Powys Police Pension Fund's accounting statements, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Police and Crime Commissioner for Dyfed Powys', the Police and Crime Commissioner for Dyfed Powys Group and the Dyfed Powys Police Pension Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Narrative Report to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of the Police and Crime Commissioner for Dyfed Powys

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the Police and Crime Commissioner for Dyfed Powys as at 31 March 2016 and of his income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16.

Opinion on the accounting statements of the Police and Crime Commissioner for Dyfed Powys Police Group

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the Police and Crime Commissioner for Dyfed Powys Police Group as at 31 March 2016 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16.

Opinion on the accounting statements of the Police Pension Fund

In my opinion, the pension fund accounts and related notes:

- give a true and fair view of the financial transactions of the Dyfed Powys Police Pension Fund during the year ended 31 March 2016 and of the amount and disposition of the Fund's assets and liabilities as at that date; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16.

Opinion on other matters

In my opinion, the information contained in the Narrative Report is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit;
- the Governance Statement does not reflect compliance with guidance.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the Police and Crime Commissioner for Dyfed Powys, Police and Crime Commissioner for Dyfed Powys Police Group and Dyfed Powys Police Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.



For and on behalf of
Huw Vaughan Thomas
Auditor General for Wales
29 September 2016

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

The maintenance and integrity of Police and Crime Commissioner for Dyfed Powys' website is his responsibility; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Movement in Reserves Statement

Financial Year 2015/16

	Statement/Note	General Fund Balance	Earmarked Reserves	Earmarked Capital Reserve	Capital Grants Unapplied	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Deferred Capital Receipts Reserve	Available for Sale Financial Instruments Reserve	Accumulated Absences Account	Pensions Reserve	Total Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 st March 2015 carried forward		4,500	22,849	17,528	627	45,504	13,191	50,908	0	0	(534)	(1,047,283)	(983,718)	(938,214)
Movement in reserves during 2015/16:		0	0	0	0	0	0	0	0	0	0	0	0	0
Surplus or (deficit) on the provision of services	CIES	(35,328)	0	0	0	(35,328)	0	0	0	0	0	0	0	(35,328)
Other Comprehensive Income and Expenditure	CIES	0	0	0	0	0	347	0	0	0	0	66,641	66,988	66,988
Total Comprehensive Income and Expenditure		(35,328)	0	0	0	(35,328)	347	0	0	0	0	66,641	66,988	31,659
Adjustments between accounting basis and funding basis under Regulations	8	22,808	0	0	(122)	22,686	(285)	8,374	205	165	31	(31,177)	(22,686)	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves		(12,520)	0	0	(122)	(12,642)	62	8,374	205	165	31	35,464	44,301	31,659
Transfers to/from earmarked reserves	9	12,520	(13,675)	1,155	0	0	0	0	0	0	0	0	0	0
Increase/Decrease in 2015/16		0	(13,675)	1,155	(122)	(12,642)	62	8,374	205	165	31	35,464	44,301	31,659
Balance at 31 st March 2016 carried forward		4,500	9,174	18,683	505	32,862	13,253	59,282	205	165	(503)	(1,011,819)	(939,417)	(906,555)

Financial Year 2014/15

	Statement/ Note	General Fund Balance	Earmarked Revenue Reserves	Earmarked Capital Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Accumulate d Absences Account	Pensions Reserve	Total Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 st March 2014 carried forward		4,500	22,625	14,947	0	1,004	43,076	13,476	51,651	(557)	(883,675)	(819,105)	(776,029)
Movement in reserves during 2014/15:													
Surplus or (deficit) on the provision of services	CIES	(35,837)	0	0	0	0	(35,837)	0	0	0	0	0	(35,837)
Other Comprehensive Income and Expenditure	CIES	0	0	0	0	0	0	0	0	0	(126,348)	(126,348)	(126,348)
Total Comprehensive Income and Expenditure		(35,837)	0	0	0	0	(35,837)	0	0	0	(126,348)	(126,348)	(162,185)
Adjustments between accounting basis and funding basis under Regulations	8	38,642	0	0	0	(377)	38,265	(285)	(743)	23	(37,260)	(38,265)	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves		2,805	0	0	0	(377)	2,428	(285)	(743)	23	(163,608)	(164,613)	(162,185)
Transfers to/from earmarked reserves	9	(2,805)	224	2,581	0	0	0	0	0	0	0	0	0
Increase/Decrease in 2014/15		0	224	2,581	0	(377)	2,428	(285)	(743)	23	(163,608)	(164,613)	(162,185)
Balance at 31 st March 2015 carried forward		4,500	22,849	17,528	0	627	45,504	13,191	50,908	(534)	(1,047,283)	(983,718)	(938,214)

Comprehensive Income and Expenditure Statement 2015/16

Group				Note	Commissioner		
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000	
57,885	(3,984)	53,901	Local Policing	638	(3,984)	(3,346)	
7,562	(71)	7,491	Dealing with the Public	0	(71)	(71)	
11,611	(211)	11,400	Criminal Justice Arrangements	0	(211)	(211)	
6,696	(2,181)	4,515	Road Policing	0	(2,181)	(2,181)	
4,257	(52)	4,205	Intelligence	0	(52)	(52)	
7,648	(156)	7,492	Operational Support	0	(156)	(156)	
11,145	(330)	10,815	Investigation	0	(330)	(330)	
3,839	(46)	3,793	Investigative Support	0	(46)	(46)	
4,357	(3,750)	607	National Policing	0	(3,750)	(3,750)	
0	0	0	Non Distributed Costs	0	0	0	
2,193	(68)	2,125	Corporate and Democratic Core	5,201	(3,117)	2,084	
			<i>Exceptional items -</i>				
(34)	0	(34)	Non-current assets revaluation	(34)	0	(34)	
1,469	0	1,469	PFI Contract Termination	1,469		1,469	
(40)	0	(40)	Icelandic Banks impairment	(40)	0	(40)	
118,588	(10,849)	107,739	Cost of Services	7,234	(13,898)	(6,664)	
0	(11,806)	(11,806)	Other operating income/expenditure	10	0	(11,806)	
34,622	(1,275)	33,347	Financing and investment income and expenditure	11	546	(729)	
0	(93,952)	(93,952)	Taxation and non-specific grant income	12	0	(93,952)	
0	0	0	Commissioning Costs (intra-group transfer)		148,479	0	
153,210	(117,882)	35,328	(Surplus)/deficit on Provision of services		156,259	(120,931)	
		(346)	Surplus or deficit on revaluation of non-current assets			(346)	
		(66,641)	Actuarial (gains)/losses on pension assets/liabilities			(100)	
		0	Commissioning Costs (intra-group transfer)			(66,541)	
		(66,987)	Other comprehensive income and expenditure			(66,987)	
		(31,659)	Total comprehensive income and expenditure			(31,659)	

Comprehensive Income and Expenditure Statement 2014/15

Group				Note	Commissioner		
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000	
60,671	(3,551)	57,120	Local Policing	919	(3,551)	(2,632)	
6,568	(48)	6,520	Dealing with the Public	0	(48)	(48)	
10,544	(379)	10,165	Criminal Justice Arrangements	0	(379)	(379)	
8,053	(1,859)	6,194	Road Policing	0	(1,859)	(1,859)	
4,117	(31)	4,086	Intelligence	0	(31)	(31)	
7,909	(920)	6,989	Operational Support	0	(920)	(920)	
11,250	(336)	10,914	Investigation	0	(336)	(336)	
3,190	(26)	3,164	Investigative Support	0	(26)	(26)	
5,779	(5,189)	590	National Policing	0	(5,189)	(5,189)	
328	0	328	Non Distributed Costs	3	0	3	
2,230	(61)	2,169	Corporate and Democratic Core	5,504	(3,368)	2,136	
			<i>Exceptional items -</i>				
0	0	0	Non-current assets revaluation	0	0	0	
0	0	0	Icelandic Banks	0	0	0	
120,639	(12,400)	108,239	Cost of Services	6,426	(15,707)	(9,281)	
0	(12,766)	(12,766)	Other operating expenditure	10	0	(12,766)	
40,162	(1,148)	39,014	Financing and investment income and expenditure	11	941	(207)	
0	(98,650)	(98,650)	Taxation and non-specific grant income	12	0	(98,650)	
0	0	0	Commissioning Costs (intra-group transfer)	156,741	0	156,741	
160,801	(124,964)	35,837	(Surplus)/deficit on Provision of services	164,108	(128,271)	35,837	
		0	Surplus or deficit on revaluation of non-current assets			0	
		126,348	Actuarial (gains)/losses on pension assets/liabilities			311	
		0	Commissioning Costs (intra-group transfer)			126,037	
		126,348	Other comprehensive income and expenditure			126,348	
		162,185	Total comprehensive income and expenditure			162,185	

Balance Sheet

Group 2014/15	Commissioner 2014/15		Note	Group 2015/16	Commissioner 2015/16
£'000	£'000			£'000	£'000
68,851	68,851	Property, plant & equipment	13	66,655	66,655
4,580	4,580	Investment property	14	4,579	4,579
51	51	Intangible assets	16	260	260
0	0	Surplus Assets		1,040	1,040
430	430	Assets held for sale	22	0	0
0	0	Long term debtors	17	91	91
73,912	73,912	Long term assets		72,625	72,625
36,062	36,062	Short term investments	18	36,220	36,220
402	0	Inventories	19	368	0
9,533	9,260	Short term debtors	20	6,489	6,149
6,427	6,427	Cash and cash equivalents	21	1,921	1,921
0	675	Intra-group transfer		0	708
52,424	52,424	Current assets		44,998	44,998
(144)	(144)	Short term borrowing	18	(157)	(157)
(10,149)	(6,314)	Short term creditors	23	(8,078)	(2,471)
(1,073)	(1,073)	Provisions	24	(939)	(939)
0	(3,835)	Intra - group transfer		0	(5,607)
(11,366)	(11,366)	Current liabilities		(9,174)	(9,174)
0	(1,046,972)	Long term creditors		0	(1,011,919)
(2,469)	(2,469)	Long term borrowing	18	(2,312)	(2,312)
(1,049,787)	(2,815)	Other long term liabilities	18	(1,011,819)	100
(928)	(928)	Provisions	24	(873)	(873)
(1,053,184)	(1,053,184)	Long term liabilities		(1,015,004)	(1,015,004)
(938,214)	(938,214)	Net assets/liabilities		(906,555)	(906,555)
(45,504)	(45,504)	Usable reserves	25	(32,862)	(32,862)
983,718	983,718	Unusable reserves	26	939,417	939,417
938,214	938,214	Total reserves		906,555	906,555

Cash Flow Statement

Group 2014/15	Commissioner 2014/15		Note	Group 2015/16	Commissioner 2015/16
	£'000				£'000
35,837	35,837	Net (surplus) or deficit on the provision of services		35,328	35,328
(42,304)	(42,304)	Adjustments to net surplus or deficit on the provision of services for non-cash movements		(33,753)	(33,753)
434	434	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(317)	(317)
(6,033)	(6,033)	Net cash flows from Operating Activities	27	1,258	1,258
3,716	3,716	Investing Activities	28	2,109	2,109
279	279	Financing Activities	29	1,139	1,139
(2,038)	(2,038)	Net increase or decrease in cash and cash equivalents		4,506	4,506
4,389	4,389	Cash and cash equivalents at the beginning of the reporting period		6,427	6,427
6,427	6,427	Cash and cash equivalents at the end of the reporting period	21	1,921	1,921

Police Pension Fund

Group 2014/15	Commissioner 2014/15	Fund Account	Group 2015/16	Commissioner 2015/16
£'000	£'000		£'000	£'000
		Contributions receivable:		
(10,249)	0	• Employer contributions	(10,348)	0
(5,849)	0	• Member contributions	(5,865)	0
(800)	0	Transfers in from other pension funds	(772)	0
(739)	0	Other income	(168)	0
(17,637)	0		(17,153)	0
		Benefits payable:		
21,507	0	• Pensions	22,557	0
7,713	0	• Commutations and lump sum retirement benefits	7,281	0
595		• Interest payable on back-dated lump sums	0	
29,815	0		29,838	0
		Payments to and on Account of Leavers:		
425	0	Transfers out to other pension funds	(476)	0
0	0	Refunds of contributions	0	0
159	0	Other expenditure	319	0
584	0		(157)	0
12,762	(12,762)	Net amount payable before transfer from the Police Fund	12,528	(12,528)
(12,762)	12,762	Additional funding payable by Police Fund (re Home Office Grant)	(12,528)	12,528
0	0	Funding shortfall to be met by Police Fund	0	0

Group 2014/15	Commissioner 2014/15	Net Assets Statement	Group 2015/16	Commissioner 2015/16
£'000	£'000		£'000	£'000
3,238	0	Short term debtors	49	0
3,238	0	Net Current Assets	49	0
(3,238)	0	Short term provision	0	0
0	0	Short term creditors	(49)	0
(3,238)	0	Net Current Liabilities	(49)	0
0	0		0	0

Funding Shortfall to be met by Police Fund

In 2015/16 Employer Police Officer Pension scheme contributions reduced from 24.2% to 21.3%. The difference of 2.9% has been retained by the exchequer which represents the funding shortfall to be met by Police Fund.

Pensions Liability

The Pensions Liability which is disclosed on the Group Balance Sheet reflects the underlying commitments that the Chief Constable has in the long run to pay retirement benefits. In 2015/16 this amounts to £1,011,819 million compared to £1,047,283 million in 2014/15.

Recognition of the total liability has a substantial impact on the net worth as recorded in the Balance Sheet. However statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy. This is because to finance the liability the Chief Constable makes a pension contribution of 21.3% for police officers and 11.6% for police staff, with the actual pensions and commuted lump sums being met directly by the Police Pension Fund Account, which is funded by the Home Office via the Commissioner.

Milne v Government Actuary's Department (GAD) court ruling

Payments totalling £3,191k were made from the Police Pension Fund in 2015/16. An amount of approximately £49k is still to be paid in respect of three officers and a creditor for this amount has been included. A debtor for the same amount has also been included reflecting a contribution from the Commissioner for income reimbursement, which was received as Home Office grant income by the Commissioner in 2015/16.

Under HMRC rules, the above payments were classed as unauthorised payments and an additional charge was levied on all Police Forces. The Home Office wrote to all Police Forces on 8th December 2015 advising them that the costs relating to unauthorised payment charges would be dealt with centrally by Government and a payment was made by HM treasury on 29th March 2016 to HMRC covering 95% of the outstanding amounts. The remaining 5% has been paid to HMRC by HM treasury in August 2016.

As both the notional expenditure and income relating to Dyfed Powys Police's share of the unauthorised payments charge would be included in the pension fund account, there would be an overall £nil impact on this account. As a result these entries have not been made.

Notes to the Accounts

1. Accounting policies

General Principles

The Statement of Accounts summarises the Group's transactions for the 2015/16 financial year and its position at the year-end of 31st March 2016. The Commissioner is required to prepare an annual Statement of Accounts for himself and the Group by the Accounts and Audit (Wales) Regulations 2005 (as amended), which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the Service Reporting Code of Practice 2015/16, supported by International Financial Reporting Standards (IFRS). 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.

Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

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

Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Group transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Group.
- Revenue from the provision of services is recognised when the Group can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Group.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice for Local Authorities (SeRCOP).

Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement (CIES) or in the notes to the accounts, depending on how significant the items are to an understanding of the financial performance of the Group.

Events after the Balance Sheet date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

Property, plant and equipment

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it incurred.

Expenditure falling below a de-minimis level of £6,000 per item is treated as Revenue and charged when it is incurred.

Assets are initially measured at cost and are then carried in the Balance Sheet using the following measurement bases:

- Assets under construction – depreciated historical cost;
- Dwellings – fair value (revalued every five years), determined using the basis of existing use value for social housing;

- All other assets – fair value (revalued every five years), determined as the amount that would be paid for the asset in its existing use.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the CIES.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. The useful economic lives and residual value of assets are summarised in the Property, Plant and Equipment note.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

The Group has applied the following de-minimis limits, below which, the component is not separately quantified:

Life of component (years)	0-10	10-15	15-20	20-30	30-40	Over 40
De-minimis (£'000)	50	100	200	300	750	1,000

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

Surplus Assets

Surplus assets are those that are not being actively used in the business (such as vacant properties) and that cannot be classed as "assets held for sale". Surplus assets will be measured at fair value at each reporting date, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Gains and losses on revaluation are posted to the Financing and

Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES.

Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts reserve, and can only be used for new capital investment (or set aside to reduce the Group's underlying need to borrow – the capital financing requirement).

Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

Depreciation attributable to the assets used by the relevant service.

Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

Investment property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

Intangible assets

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Group can be determined by reference to an active market. In practice, no intangible asset held by the Group meets this criterion, and they are therefore carried at amortised cost.

Amortisation of intangible fixed assets attributable to the service

The Group is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in his overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Financial Instruments

Financial Liabilities

These are initially measured at fair value and are carried at their amortised cost. Annual charges to the Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The amount presented in the Balance Sheet is the outstanding principal plus accrued interest.

Financial Assets

Loans and Receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Group has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus accrued interest.

Foreign currency translation

Where the Group has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

Inventories

Inventories are included in the balance sheet at current cost price. International Accounting Standard (IAS) 2 states that Inventories should be measured at the lower of cost and net realisable value. The policy does not therefore comply with IAS 2 but the difference is not material.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are short term, highly liquid investments held at the balance sheet date that are readily convertible to known amounts of cash on the balance sheet date and which are subject to an insignificant risk of changes in value.

Provisions

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Reserves

Amounts set aside for purposes falling outside the definition of provisions are considered as reserves. Revenue reserves are available to finance expenditure. Certain capital reserves created as a result of the capital accounting scheme are not available to meet current expenditure and include:

- Revaluation Reserve which records the accumulated gains on the fixed assets held by the Group arising from increases in value, to the extent that these gains have not been consumed by subsequent downward movements in value;

- Capital Adjustment Account, which provides a balancing mechanism between the different rates at which assets are depreciated and are financed through the capital controls system, by accumulating:
 - On the debit side – the write-down of the historical cost of fixed assets as they are consumed by depreciation and impairments or written off on disposal;
 - On the credit side – the resources that have been set aside to finance capital expenditure.

Collaborative Arrangements

CIPFA issued new guidance on “Accounting for Collaboration” applicable for the 2014/15 financial year onwards. This required the Commissioner and Force to assess all collaborative activity and categorise these into either joint operations or joint ventures and account for their fair share of expenditure, income, assets and liabilities in their individual accounts. Further details can be found under the Collaborative Arrangements note.

Employee benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and 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 the employees render service. An accrual is made for the cost of holiday entitlements (including time off in lieu and flexi leave) earned by employees but not taken before the year-end, which employees can carry forward into the next financial year. The accrual is made at salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Commissioner and Chief Constable to terminate an officer’s employment before the normal retirement date or an officer’s decision to accept voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Police officers and police staff have the option of belonging to one of two separate pension schemes relevant to them:

- Police Officers Pension Scheme, administered through a Police Pension Fund
- Local Government Pensions Scheme, administered by Carmarthenshire County Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Group.

This Police Officer Pension scheme is “unfunded” which means that no investment assets are built up to pay pensions and other benefits in the future, and therefore no provision to meet the liability for future payments of benefits is included in the balance sheet. The liabilities of the Local Government Scheme that are attributable to the Group are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of earnings for current employees.

Discretionary Benefits

The Commissioner and Chief Constable also have restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Government grants and contributions

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

- The Group will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

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

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

Leases

The rentals payable/receivable are charged to the CIES on an accruals basis.

Private Finance Initiatives (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Group is deemed to control the assets that are provided under its PFI scheme, and as ownership of the property, plant and equipment will pass to the Group at the end of the contract for no additional charge, the Group carries the assets used under the contract on its Balance Sheet as part of property, plant and equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Group.

The amounts payable to the PFI operator each year are analysed into five elements:

- Fair value of the services received during the year;
- Finance cost;
- Contingent rent;
- Payment towards liability;
- Lifecycle replacement costs.

However during the year the Group's PFI was terminated. Further details on the accounting treatment of the termination of the PFI and subsequent recognition of the asset in the accounts is provided under the "Private Finance initiatives and similar contracts" note.

Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs by the Group. VAT receivable is excluded from income.

2. Previous period adjustments

Note 13 – Property Plant and Equipment

Following the revaluation exercise that was undertaken in 2013/14 an error was made in the classification of land and buildings totalling £199k.

An adjustment to the valuation of land and buildings has been made to the April 2014 valuation.

This has had no effect on the total value of Fixed Assets.

Buildings

Previous Amount £'000		Restated Amount £'000	Difference £'000
57,391	Cost or valuation at 1 st April 2014	57,590	199
878	Additions	878	0
58,269	Cost or valuation at 31 st March 2015	58,468	199
(1,319)	Accumulated depreciation and impairment at 31 st March 2015	(1,319)	0
56,950	Net book value at 31 st March 2015	57,149	199

Land

Previous Amount £'000		Restated Amount £'000	Difference £'000
4,569	Cost or valuation at 1 st April 2014	4,370	(199)
0	Additions	0	0
4,569	Cost or valuation at 31 st March 2015	4,370	(199)
0	Accumulated depreciation and impairment at 31 st March 2015	0	0
4,569	Net book value at 31 st March 2015	4,370	(199)

Note 13 – Property Plant and Equipment

An issue has been identified regarding a note to the accounts whereby the historic gross book value of vehicles and plant included in a note have not been reduced as required on disposal.

This has had no impact on the Balance Sheet carrying value. This has been corrected on 2015/16 and restated for 2014/15.

The impact of this is illustrated below:-

Previous Amount £'000	Vehicles	Restated Amount £'000	Difference £'000
11,050	Cost or Valuation at 1 st April 2014	11,050	0
1,319	Additions	1,319	0
(27)	Derecognition – disposals	(4,193)	4,166
12,342	Cost or Valuation at 31 st March 2015	8,176	4,166
(8,583)	Accumulated depreciation and impairment at 1 st April 2014	(8,583)	0
(911)	Depreciation Charge	(911)	0
0	Derecognition - disposals	4,166	4,166
(9,494)	Accumulated Depreciation and impairment at 31 st March 2015	(5,328)	4,166
2,848	Net Book value at 31 st March 2015	2,848	0

3. Accounting standards that have been issued but have not yet been adopted

The Code requires the Police and Crime Commissioner to disclose information relating to the impact of an accounting change that will be required by a new accounting standard that has been issued but not yet adopted by the Code. The following changes will be required from 1 April 2016:

- Amendments to IAS19 Employee Benefits (Defined Benefit Plans; Employee Contributions);
- Annual Improvements to IFRSs 2010 – 2012 Cycle:
 - IFRS 2 *Share-based Payment*
 - IFRS 3 *Business Combinations*
 - IFRS 8 *Operating Segments*
 - IFRS 13 *Fair Value Measurement*
 - IAS16 *Property, Plant and Equipment*
 - IAS 24 *Related Party Disclosures*
 - IAS 38 *Intangible Assets*;
- Amendment to IFRS 11 *Joint Arrangements* (Accounting for Acquisitions of Interests in Joint Operations);
- Amendment to IAS16 *Property, Plant and Equipment* and IAS38 *Intangible Assets* (Clarification of Acceptable Methods of Depreciation and Amortisation);

- Annual Improvements to IFRSs 2012 – 2014 Cycle:
 - IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
 - IFRS 7 *Financial Instruments: Disclosures*
 - IAS19 *Employee Benefits*
 - IAS 34 *Interim Financial Reporting*;
- Amendment to IAS 1 *Presentation of Financial Statements* (Disclosure Initiative);
- The changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis;
- The changes to the format of the Pension Fund Account and the Net Assets Statement.

In the Financial Statements for 2016/17, the effect of the changes will be assessed and where necessary, the comparative figures restated, however, it is anticipated that the changes will not have a material impact.

4. Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 1, the Commissioner has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- Future funding position

There is a high degree of uncertainty about future levels of funding for the Police and Crime Commissioner for Dyfed Powys. However, the Commissioner has determined that this uncertainty is not yet sufficient to provide an indication that the assets might be impaired as a result of a need to close facilities and reduce levels of service provision.

- Ammanford Public Finance Initiative (PFI) contract termination

The Police Authority entered into a contract with Dolef Cyf for the design, construction, maintenance and operation of Ammanford Police Station. This contract was novated to the Commissioner upon his appointment to office. The accounting policies for PFI schemes and similar contracts were applied to the arrangement and the police station (valued at £3.781 million) has been recognised as Property, Plant and Equipment on the Commissioner's Balance Sheet. This PFI agreement was terminated on 19th June 2015. Please see Note 6 for further details.

- Municipal Mutual Insurance (MMI)

MMI is a former insurer of public bodies which ceased trading in 1992. At the time that the company ceased trading, a number of health related claims were outstanding and in common with many other local authorities, the Authority and subsequently the Commissioner, is in a scheme of arrangement to meet all outstanding claims. This scheme is still in place and its claim Director originally advised that the maximum liability to fall on the Commissioner would be £608,900.

The Scheme Administrator wrote to the Commissioner on the 13th May 2013, stating that following the triggering of MMI's Scheme of Arrangement, he

determined that initially, a Levy rate of 15% would be required, and as such, an amount of £91,335 was paid in 2013/14. A further amount of £60,890 was paid in 2015/16 at a levy rate of 10%. Despite correspondence suggesting that the provision in the accounts can be reduced, a prudent approach has been adopted and the Commissioner has included a long-term provision of £456,675 in the 2015/16 accounts. This is made up of the maximum liability amount of £608,900, less the two payments that have been made.

- Icelandic Impairments

The Police Authority had £2m deposited with the UK subsidiaries of the Icelandic Banks – Heritable and Kaupthing Singer and Friedlander (KSF) which went into administration in October 2008. The current situation with regards to recovery of the sums deposited varies between each institution. As the available information is not definitive as to the amounts and timings of payments to be made by the administrators, it is likely that adjustments to the impairment for the deposits will be necessary. To date 97.98% has been repaid by Heritable and 83.75% by KSF.

- National Police Air Service (NPAS)

The Force joined the NPAS in January 2016. A payment of some £222K has been made from the revenue budget to cover the provision of the air support from NPAS for the final quarter of the financial year. The carrying value of the aircraft of around £0.9 million has been written out of the balance sheet and a deferred capital receipt of £0.2 million has been received from NPAS (as income) in respect of this. There has been no impact on the carrying value of the Pembrey facility which is still in regular use and no further capital funding is required in respect of a replacement aircraft.

- New Requirements for Valuation of Investment Properties

Certain assumptions and estimates have been made in assessing the fair value of investment properties and available for sale financial instruments. Further information on these assumptions are included in the Investment Properties Note and Financial Instruments Note.

- Repayment of the Capital Financing Requirement

In 2015/16 reserves were utilised to repay the capital financing requirement. An assessment has been made of available reserves to ensure that the transaction will leave the Group with adequate reserves.

- Police Pension Legal Challenge - Career Average Revalued Earnings.

The Chief Constable of Dyfed Powys, along with other Chief Constables and the Home Office, currently has 14 claims lodged against him with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. The Tribunal is unlikely to consider the substance of the claims until 2017. Legal advice suggests that there is a strong defence against these claims. The quantum and who will bear the costs in the unlikely event that the challenge is successful are also uncertain and therefore at this stage it is not practicable to estimate the financial impact. For these reasons, no provision has been made in the 2015/16 Accounting Statements and following agreement nationally, this has been accounted for as a Contingent Liability.

5. Assumptions made about future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Commissioner about the future or that are otherwise

uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Balance Sheet at 31st March 2016 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 assumptions
Property, plant and equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Commissioner will be able to sustain his current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p> <p>Estimates of remaining useful life were obtained in 13/14 and depreciation calculations rely on these estimations. The Commissioner has used depreciated historical cost as a proxy for furniture, plant and equipment.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the total annual depreciation charge for buildings would increase by £45k if the useful life of each building was reduced by 1 year.</p>
Accumulated Absences Fund	<p>In determining the liability in respect of accumulated absences, information in respect of annual leave and flexi leave was obtained from the system.</p> <p>A sampling approach was adopted in order to arrive at the liability. A representative sample of employees was selected and electronic records obtained detailing the number of days carried forward from the previous year. The average number of days carried forward was used to calculate the required liability, based on the number of employees at the previous year end and the average salary in the following financial year, adjusted to include employer's national insurance and pension contributions.</p>	<p>The largest category of accumulated absences at the 31st March 2016 is police officer annual leave. If the average number of days carried forward from the previous year was increased by one day per officer, this would increase the liability by approximately £154k.</p>
Insurance Provision	<p>The Commissioner has provided £416k for insurance claims incurred at the 31st March which are likely to be paid. The assessment is made based on the likely settlement and the probability of a known claim against the Commissioner being successful.</p>	<p>The average amount provided per claim amounts to £11k with the maximum exposure per claim being £50k. Any amount above £50k is met by the Commissioner's insurance company.</p>
Pensions liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide expert advice about the assumptions to be applied.</p>	<p>The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, an increase of 0.1% in pay award for the police officer pension scheme would result in an increase to the pension liability of £5.191 million.</p>
Ill Health Retirement Provision	<p>The Commissioner has provided £221k for three Officers who are on long term sick leave as at 31st March where it is 'probable' or 'more likely than not' that they will retire due to ill health.</p>	<p>If the number of officers retiring due to ill health was one less than anticipated, the liability would be approximately £74k less.</p>
Ill Health Retirement Reserve	<p>An amount of £722k has been included in Reserves to meet the cost of possible ill health retirements in respect of officers who have been, or are anticipated to be, on restricted duties. In light of recent changes to Police Regulations, an exercise is currently underway to medically assess officers on restricted duties.</p>	<p>The Reserve would cover the cost of nine to ten ill health retirements, depending upon the officer's rank and pay cost. So, for every one officer less that retires due to ill health, the amount payable would reduce by approximately £74k.</p>

6. Material items of income and expense

The following are included as material exceptional items, included on the face of the Comprehensive Income and Expenditure Statement.

Revaluation and Impairment of non-current assets

The Commissioner carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is re-valued at least every five years. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. A full revaluation of investment properties was undertaken in 2015/16, along with the revaluation of certain assets which have been reclassified as 'Surplus Assets'. These revaluations amount to £380k.

The accounting entries in respect of the revaluations are as follows:

	2015/16 £'000
Comprehensive Income & Expenditure Statement	
Surplus/Deficit on Provision of Services (Exceptional Item)	-34
Movement In Reserves Statement	
Surplus/Deficit on Revaluation	34
Balance Sheet	
Land and Buildings	380
Capital Adjustment Account	-34
Revaluation Reserve	-346

Icelandic Impairments

Based on the latest information available the Commissioner has adjusted the impairment for the deposits by £40k to reflect the better than anticipated repayment of the investments.

PFI Termination

On 19th June 2015, the Commissioner terminated the PFI agreement with Dolef Cyf for the design, construction, maintenance and operation of Ammanford Police Station. A payment of £3.963m was made to terminate the PFI early. On termination, the Commissioner took ownership of the station and became responsible for its maintenance and operation. The impact of the above on the 2015/16 Statements is as follows:

	2015/16 £'000
Comprehensive Income & Expenditure Statement	
Surplus/Deficit on Provision of Services (Exceptional Item) - Termination payment	3,963
Surplus/Deficit on Provision of Services (Exceptional Item) - Write off Liability	-2,494
Movement In Reserves Statement	
Transfer to/from Earmarked Reserves	-3,963
Minimum Revenue Provision	2,494
Balance Sheet	
Cash	-3,963
PFI Finance Lease Liability	2,494
Capital Adjustment Account	-2,494
Reserves	3,963

7. Events after the Balance Sheet Date

There are no events after the balance sheet date that would affect the Group's financial position for 2015/16.

8. Adjustments between accounting basis and funding basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Group/Commissioner in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Commissioner to meet future capital and revenue expenditure.

2015/16	General Fund Balance	Capital Grants Unapplied	Capital Receipts Reserve	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Deferred Capital Receipts Reserve	Available for Sale Financial Instruments Reserve	Accumulated Absences Account	Pensions Reserve	Total Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account												
Reversal of items debited or credited to the CIES:												
Charges for depreciation and impairment of non-current assets	3,678	0	0	3,678	(285)	(3,393)	0	0	0	0	(3,678)	0
Revaluation losses on property, plant and equipment	(34)	0	0	(34)	0	34	0	0	0	0	34	0
Amortisation of intangible assets	10	0	0	10	0	(10)	0	0	0	0	(10)	0
Capital grants and contributions applied	(817)	0	0	(817)	0	817	0	0	0	0	817	0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	786	0	0	786	0	(786)	0	0	0	0	(786)	0
Insertion of items not debited or credited to the CIES:												
Statutory provision for the financing of capital investment	(9,813)	0	0	(9,813)	0	9,813	0	0	0	0	9,813	0
Capital expenditure charged against the General Fund	(2,041)	0	0	(2,041)	0	2,041	0	0	0	0	2,041	0
Adjustments primarily involving the Capital grants unapplied account												
Application of grants to capital financing transferred to the Capital Financing Account	122	(122)		0	0	0	0	0	0	0	0	0
Adjustments primarily involving the Capital receipts reserve												
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	(63)	0	63	0	0	(205)	205	0	0	0	0	0
Use of Capital receipts reserve to finance new capital expenditure	0	0	(63)	(63)	0	63	0	0	0	0	63	0
Adjustments involving the Financial Instruments Adjustment Account												
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(165)	0	0	(165)	0	0	0	165	0	0	165	0
Adjustments primarily involving the Pensions reserve												
Reversal of items relating to retirement benefits debited or credited to the CIES	(12,529)	0	0	(12,529)	0	0	0	0	0	12,529	12,529	0
Employer's pensions contributions and direct payments to pensioners payable in the year	43,705	0	0	43,705	0	0	0	0	0	(43,705)	(43,705)	0
Adjustments primarily involving the Accumulated balances account												
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	(31)	0	0	(31)	0	0	0	0	31	0	31	0
Total adjustments	22,808	(122)	0	22,686	(285)	8,374	205	165	31	(31,176)	(22,686)	0

9. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2015/16.

Reserve	Note	Balance at 31 st March 2015	Reclassifications 2015/16	Transfers out 2015/16	Transfers in 2015/16	Balance at 31 st March 2016
		£'000	£'000	£'000	£'000	£'000
Revenue Reserves – Police and Crime Commissioner for Dyfed-Powys	25	22,849	(2,013)	(12,629)	662	8,869
Revenue Reserves – 'Go Safe' *	25	0	0	0	305	305
Capital Reserves – Police and Crime Commissioner for Dyfed-Powys	25	17,528	2,013	(1,465)	64	18,140
Capital Reserves – 'Go Safe' *	25	0	0	0	543	543
Total		40,377	0	(14,094)	1,574	27,857

*Reserves held on behalf of the 'Go Safe' Partnership. Originally transferred from Flintshire County Council and adjusted for any surplus/deficit on activities in the year. Please refer to Note 31 'Agency Services' for further information

10. Other operating expenditure

This line contains corporate items of income and expenditure that cannot reasonably be allocated or apportioned to services.

Group 2014/15	Commissioner 2014/15		Group 2015/16	Commissioner 2015/16
£'000	£'000		£'000	£'000
(4)	(4)	(Gain)/Loss on the disposal of non-current assets	723	723
(12,762)	(12,762)	Home Office Police Officers Pensions top-up grant	(12,529)	(12,529)
(12,766)	(12,766)	Total	(11,806)	(11,806)

11. Financing and investment income and expenditure

This line contains corporate items of income and expenditure arising from involvement in financial instruments and similar transactions involving interest.

Group 2014/15	Commissioner 2014/15		Note	Group 2015/16	Commissioner 2015/16
£'000	£'000			£'000	£'000
604	604	Interest payable and similar charges	18	325	325
39,233	12	Net interest on the net defined benefit liability	42	34,097	21
(193)	(193)	Interest receivable and similar income	18	(218)	(218)
(413)	(413)	Income and expenditure in relation to investment properties and changes in their fair value	14	(617)	(617)
(217)	(217)	Specific capital grants available during the year	35	(75)	(75)
0	0	Gain on revaluation (available for sale financial instruments)	18	(165)	(165)
39,014	(207)	Total		33,347	(729)

12. Taxation and non-specific grant incomes

This item consolidates all the grants and contributions receivable that cannot be identified to particular service expenditure.

Group 2014/15	Commissioner 2014/15		Note	Group 2015/16	Commissioner 2015/16
£'000	£'000			£'000	£'000
(44,886)	(44,886)	Council tax income		(43,033)	(43,033)
(12,389)	(12,389)	National Non Domestic Rates (NNDR)		(11,362)	(11,362)
(40,618)	(40,618)	Non ring fenced government grants	35	(38,937)	(38,937)
(757)	(757)	Capital grants and contributions	35	(620)	(620)
(98,650)	(98,650)	Total		(93,952)	(93,952)

13. Property, plant and equipment

Movement on balances in financial year 2015/16:

	Note	Property Plant and Equipment						Investment Properties				Assets Held for Sale	Intangible	Total	
		Land	Buildings	Boat	Helicopter	Vehicles	Equipment	Masts	Houses	Buildings	Surplus Assets				
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1st April 2015:		4,370	58,468	172	3,253	8,176	19,139	2,992	480	1,793	0	430	365	99,638	
Additions		0	168	0	98	1,356	1,079	0	0	0	0	0	219	2,920	
Revaluation increases/(decreases) recognised in the Revaluation Reserve		0	(69)	0	0	0	0	78	0	255	13	0	0	277	
Revaluation increases/(decreases) recognised in surplus/deficit on the Provision of Services		0	0	0	0	0	0	31	10	0	63	0	0	104	
Derecognition – disposals		0	0	0	(3,351)	(870)	0	0	0	0	0	0	0	(4,221)	
Assets reclassified		0	(159)	20	0	(20)	0	0	(170)	(205)	964	(430)	0	0	
Write off of Accumulated Depreciation on revaluation		0	0	0	0	0	0	0	0	0	0	0	0	0	
At 31st March 2016		4,370	58,408	192	0	8,642	20,218	3,101	320	1,843	1,040	0	584	98,718	
Accumulated depreciation and impairment at 1st April 2015		0	(1,319)	(10)	(2,286)	(5,328)	(15,784)	(500)	(185)	0	0	0	(314)	(25,726)	
Depreciation charge		0	(1,063)	(14)	(108)	(963)	(1,245)	0	0	0	0	0	(10)	(3,403)	
Depreciation written out to Revaluation Reserve		0	(285)	0	0	0	0	0	0	0	0	0	0	(285)	
Impairment (losses)/ reversals recognised in the Revaluation Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	
Derecognition disposals		0	0	0	2,394	836	0	0	0	0	0	0	0	3,230	
Impairment (losses)/ reversals recognised in the Surplus/ Deficit on the Provision of Services		0	0	0	0	0	0	0	0	0	0	0	0	0	
Accumulated depreciation and impairment at 31st March 2016		0	(2,667)	(24)	0	(5,455)	(17,029)	(500)	(185)	0	0	0	(324)	(26,184)	
Net book value - at 31st March 2016		4,370	55,741	168	0	3,187	3,189	2,601	135	1,843	1,040	0	260	72,534	
Net book value - at 31st March 2015		4,370	57,149	162	967	2,848	3,355	2,492	295	1,793	0	430	51	73,912	

	Property Plant and Equipment										Investment Properties				Intangible	Total
	Note	Land	Buildings	Assets Under Construction	Helicopter	Vehicles	Equipment	Boat	Masts	Houses	Buildings	Assets Held for Sale	Intangible	Total		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Cost or valuation at 1st April 2014:	4,370	57,590	0	3,253	11,050	18,366	172	2,992	480	1,793	567	314	100,947			
Additions	0	878	0	0	1,319	773	0	0	0	0	0	51	3,021			
Revaluation increases/(decreases) recognised in the Revaluation reserve	0	0	0	0	0	0	0	0	0	0	0	0	0			
Revaluation increases/(decreases) recognised in surplus/deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0	0			
Derecognition – disposals	0	0	0	0	(4,193)	0	0	0	0	0	(137)	0	(4,330)			
Assets reclassified	0	0	0	0	0	0	0	0	0	0	0	0	0			
Write off of Accumulated Depreciation on revaluation	0	0	0	0	0	0	0	0	0	0	0	0	0			
At 31st March 2015	4,370	58,468	0	3,253	8,176	19,139	172	2,992	480	1,793	430	365	99,638			
Accumulated depreciation and impairment at 1st April 2014	0	0	0	(2,178)	(8,583)	(13,920)	0	(500)	(185)	0	0	(302)	(25,668)			
Depreciation charge	0	(1,034)	0	(108)	(911)	(1,864)	(10)	0	0	0	0	(12)	(3,939)			
Depreciation written out to Revaluation reserve	0	(285)	0	0	0	0	0	0	0	0	0	0	(285)			
Write off of Accumulated Depreciation on revaluation	0	0	0	0	0	0	0	0	0	0	0	0	0			
Derecognition disposals	0	0	0	0	4,166	0	0	0	0	0	0	0	4,166			
Impairment (losses)/ reversals recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0			
Impairment (losses)/ reversals recognised in the Surplus/ Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0	0			
Accumulated depreciation and impairment at 31st March 2015	0	(1,319)	0	(2,286)	(5,328)	(15,784)	(10)	(500)	(185)	0	0	(314)	(25,726)			
Net book value - at 31 st March 2015	4,370	57,149	0	967	2,848	3,355	162	2,492	295	1,793	430	51	73,912			
Net book value - at 31 st March 2014	4,370	57,590	0	1,075	2,467	4,446	172	2,492	295	1,793	567	12	75,279			

Depreciation

Category of Asset	Depreciation 2014/15			Depreciation 2015/16		
	Years	Residual Value	Charge	Years	Residual Value	Charge
			£'000			£'000
<u>Property</u>						
• Land	No Depreciation		0	No Depreciation		0
• Operational	Over Remaining Life		1,319	Over Remaining Life		1,348
• Assets Under Construction	No Depreciation		0	No Depreciation		0
• Investment	No Depreciation		0	No Depreciation		0
<u>Helicopter :</u>						
• Airframe	20	Nil	79	0	Nil	79
• Main Gear box	5	Nil	21	0	Nil	21
• Helicopter	8.75	Nil	0	0	Nil	0
• Helicopter	5	Nil	8	0	Nil	8
<u>Boat:</u>						
• Hull	32	Nil	3	0	Nil	3
• Engine	12	Nil	7	0	Nil	11
<u>Vehicles</u>						
• Rapid	3	Nil	167	0	Nil	181
• Other	5	Nil	744	0	Nil	782
<u>Equipment</u>						
Computer /other equipment	5	Nil	1,864	0	Nil	1,245
<u>Intangible assets</u>	5	Nil	12	0	Nil	10
Total			4,224			3,688

Revaluations

The Commissioner carries out a programme that ensures assets required to be measured at fair value are normally measured once every five years for each class of asset. A revaluation was carried out in 2013/14.

Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

	Property Plant and Equipment							Investment Properties				Intangible	Total
	Land	Buildings	Assets Under Construction	Helicopter	Vehicles	Equipment	Boat	Masts	Houses	Buildings	Surplus Assets		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost:	4,370	53,653	0	0	3,239	3,154	168	5,835	206	1,786	1,183	260	73,854
Valued at fair value at:													
31 st March 2016	0	(69)	0	0	0	0	0	109	10	255	76	0	381
31 st March 2015	0	0	0	0	0	0	0	0	0	0	0	0	0
31 st March 2014	0	(1,202)	0	0	0	0	0	244	(25)	17	60	0	(906)
31 st March 2013	0	0	0	0	0	0	0	0	0	0	(329)	0	(329)
31 st March 2012	0	509	0	0	(15)	35	0	0	0	0	50	0	579
31 st March 2011	0	2,288	0	0	0	0	0	(315)	16	(215)	0	0	1,774
31 st March 2010	0	0	0	0	0	0	0	0	0	0	0	0	0
31 st March 2009	0	562	0	0	(37)	0	0	(3,272)	(72)	0	0	0	(2,819)
31 st March 2008	0	0	0	0	0	0	0	0	0	0	0	0	0
Total cost or valuation:	4,370	55,741	0	0	3,187	3,189	168	2,601	135	1,843	1,040	260	72,534

14. Investment properties

Some of the Commissioner's property is being held solely to earn rentals and/or for capital appreciation purposes rather than for use in administrative purposes. This includes masts and some houses.

2014/15		2015/16
£'000		£'000
623	Rental income from investment property	817
(210)	Direct operating expenses arising from investment property	(200)
413	Net gain/(loss)	617

The following table summarises the movement in the fair value of investment properties over the year:

2014/15		2015/16
£'000		£'000
4,580	Balance at start of year:	4,580
0	Additions:	0
0	Purchases	0
0	Net gains/losses from fair value adjustments	374
	Transfers:	
0	• (To)/from property, plant and equipment	(170)
0	• To Surplus Assets	(205)
4,580	Balance at end of year	4,579

Investment Properties are measured at Fair value based on market evidence.

Details of the Commissioners investment properties and information about the fair value hierarchy as at 31 March 2016 and 31st March 2015 are as follows:-

31st March 2016

	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (level 2)	Significant unobservable inputs (level 3)	Fair Value as at 31 st March 2016
	£'000	£'000	£'000	£'000
Radio Mast Sites	0	2,601	0	2,601
Office Units	0	1,843	0	1,843
Houses	0	135	0	135

31st March 2015

	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (level 2)	Significant unobservable inputs (level 3)	Fair Value as at 31 st March 2015
	£'000	£'000	£'000	£'000
Radio Mast Sites	0	2,492	0	2,492
Office Units	0	1,793	0	1,793
Police Houses	0	295	0	295

There were no transfers between level 1 and 2 during the year.

Valuation Techniques used to determine level 2 and 3 Fair Values for Investment Properties

Significant observable inputs – level 2.

The fair value for the Radio Mast Units and Office Units has been based on the market approach using current market conditions, the duration of leases and rental income.

The fair value for the Police House is based on the market approach using current market conditions and recent sales prices.

15. Capital Commitments

As at 31 March 2016 the Commissioner has entered into some commitments associated with building schemes and major projects undertaken as part of the Capital Programme. The most significant of these commitments is:

- Telematics project – equipment has been purchased in 2015/16 with installation of equipment to be made to vehicles in 2016/17. Total estimated cost of project is £292,500.
- The Commissioner currently has a contract for the design of custody facilities within Carmarthenshire. The remaining value of the contract as of the 31st March was £293,284.

16. Intangible assets

The Commissioner accounts for software and licenses as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware. Intangible assets include both purchased licenses and internally generated software.

The useful life assigned to the major software used by the Group/Commissioner is 5 years and the assets are amortised on a straight-line basis.

2014/15			2015/16					
Internally generated assets	Other assets	Total		Internally generated assets	Other assets	Total		
£'000	£'000	£'000		£'000	£'000	£'000		
			Balance at start of year:					
0	314	314	• Gross carrying amounts	0	365	365		
0	(302)	(302)	• Accumulated amortisation	0	(314)	(314)		
0	12	12	Net carrying amount at start of year:	0	51	51		
0	51	51	Additions:	0	219	219		
0	(12)	(12)	Amortisation for the period	0	(10)	(10)		
0	51	51	Net carrying amount at end of year	0	260	260		
Comprising:			31/3/2011	31/3/2012	31/3/2013	31/3/2014	31/3/2015	31/3/2016
Gross carrying amounts (£'000)			297	314	314	314	365	584
Accumulated amortisation (£'000)			(263)	(276)	(289)	(302)	(314)	(324)

There are no items of capitalised software that are individually material to the financial statements.

17. Long-Term Debtors

Group	Commissioner		Group	Commissioner
31 st March 2015	31 st March 2015		31 st March 2016	31 st March 2016
£'000	£'000		£'000	£'000
0	0	Other Police Bodies	91	91
0	0	Total	91	91

18. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Instrument - Balances

Group:

	Long Term		Current	
	31 st March 2015	31 st March 2016	31 st March 2015	31 st March 2016
	£'000	£'000	£'000	£'000
Borrowing (PWLB) – principal sum borrowed	(2,455)	(2,299)	(144)	(157)
Borrowing (PWLB) – accrued interest	(14)	(13)	0	0
Trade Payables (Creditors)	0	0	(1,553)	(1,559)
PFI Liability	(2,504)	0	0	0
Liability related to Defined Benefit Pension Scheme*	(1,047,283)	(1,011,819)	0	0
Total Financial Liabilities	(1,052,256)	(1,014,131)	(1,697)	(1,716)
Loans and receivables:				
Fixed term investments – Principal at amortised cost	0	0	40,000	20,000
Fixed term investments – Accrued interest	0	0	39	23
Fixed term investments – Impaired investments	0	0	23	12
Available for Sale Investments	0	0	0	16,164
Available for Sale Investments – Accrued Interest	0	0	0	21
Trade Receivables (Debtors)	0	0	1,542	1,743
Total Financial Assets	0	0	41,604	37,963

- An intra-group transfer will take place from the Chief Constable's Accounts to the Commissioner's Accounts for the pensions liability related to the Chief Contable's staff.

Commissioner:

	Long Term		Current	
	31 st March 2015	31 st March 2016	31 st March 2015	31 st March 2016
	£'000	£'000	£'000	£'000
Borrowing (PWLB) – principal sum borrowed	(2,455)	(2,299)	(144)	(157)
Borrowing (PWLB) – accrued interest	(14)	(13)	0	0
Trade Payables (Creditors)	0	0	(260)	(293)
PFI Liability	(2,504)	0	0	0
Liability related to Defined Benefit Pension Scheme*	(311)	100	0	0
Total Financial Liabilities	(5,284)	(2,212)	(404)	(450)
Loans and receivables:				
Fixed term investments – Principal at amortised cost	0	0	40,000	20,000
Fixed term investments – Accrued interest	0	0	39	23
Fixed term investments – Impaired investments	0	0	23	12
Available for Sale Investments – At Fair Value	0	0	0	16,164
Available for Sale Investments – Accrued Interest	0	0	0	21
Trade Receivables (Debtors)	0	0	1,270	1,404
Total Financial Assets	0	0	41,332	37,624

Financial Instruments – Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following items:

Income, Expense, Gains and Losses

2014/15		Financial Liabilities	Financial Assets	2015/16
Total £'000s		Liabilities measured at amortised cost £000s	Loans and receivables £000s	Total £000s
£'000		£'000	£'000	£'000
(604)	Interest expense	(325)	0	(325)
(604)	Interest payable and similar charges	(325)	0	(325)
192	Interest income	0	218	218
1	Impairment gain (Icelandic Banks)	0	(40)	(40)
193	Interest and investment income	0	178	178
(411)	Net gain/(loss) for the year	(325)	178	(147)

Fair Values

Financial assets classified as available for sale and all derivative assets and liabilities are carried in the Balance Sheet at fair value. For most assets, including bonds, treasury bills and shares in money market funds and other pooled funds, the fair value is taken from the market price. The fair values of other instruments have been estimated calculating the net present value of the remaining contractual cash flows at 31st March 2016, using the following methods and assumptions:

- Certificates of deposit and forward loan contracts have been discounted at market interest rates for instruments of similar credit quality and remaining term to maturity.
- The Public Works Loan Board (PWLB) has provided the Commissioner with Fair Value amounts in relation to its debt portfolio. The PWLB has assessed the Fair Values by calculating the amounts the Commissioner would have had to pay to extinguish the loans on these dates.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount.
- For trade payables and trade receivables, the carrying value has been used as a reasonable approximation of fair value.
- The PFI liability has been measured at the present value of the minimum lease payments in respect of the property, discounted by the interest rate implicit in the contract.
- The liability related to the Defined Benefit Pension Scheme has been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary

levels etc. The fair value of this liability at the Balance Sheet date is therefore the same as the carrying amount.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

2015/16

Group			Fair Value Level	Commissioner	
Carrying amount	Fair value			Carrying amount	Fair value
31 st March 2016	31 st March 2016			31 st March 2016	31 st March 2016
£'000	£'000			£'000	£'000
		Financial Liabilities:			
(2,312)	(3,691)	Long Term Borrowing	2	(2,312)	(3,691)
		Liabilities for which Fair Value is not disclosed			
(157)	(157)	Short Term Borrowing		(157)	(157)
(1,011,819)	(1,011,819)	Liability related to Defined Benefit Pension Scheme		100	100
(1,599)	(1,599)	Trade Payables (Creditors)		(293)	(293)
(1,015,887)	(1,017,226)	Total Financial Liabilities		(2,662)	(4,041)
		Financial Assets:			
8,011	8,166	Corporate and Government Bonds	2	8,011	8,166
8,009	8,019	Certificates of Deposit	2	8,009	8,019
		Assets for which Fair Value is not disclosed			
20,035	20,035	Short Term Investments		20,035	20,035
1,743	1,743	Trade Receivables (Debtors)		1,404	1,404
37,798	37,963	Total Financial Assets		37,459	37,624

2014/15

Group			Commissioner	
Carrying amount	Fair value		Carrying amount	Fair value
31 st March 2015	31 st March 2015		31 st March 2015	31 st March 2015
£'000	£'000		£'000	£'000
		Financial Liabilities:		
(144)	(144)	Short Term Borrowing	(144)	(144)
(2,469)	(3,970)	Long Term Borrowing	(2,469)	(3,970)
(2,504)	(2,504)	PFI Liability	(2,504)	(2,504)
(1,047,283)	(1,047,283)	Liability related to Defined Benefit Pension Scheme	(311)	(311)
(1,553)	(1,553)	Trade Payables (Creditors)	(260)	(260)
(1,053,953)	(1,055,454)	Total Financial Liabilities	(5,688)	(7,189)
		Financial Assets:		
40,062	40,062	Short Term Investments	40,062	40,062
1,542	1,542	Trade Receivables (Debtors)	1,270	1,270
41,604	41,604	Total Financial Assets	41,332	41,332

Please note that fair value level disclosures are not required to be applied to comparative information provided for periods before the 1st April 2015.

19. Inventories

	Franking and uniform consumable stores		Fleet maintenance materials		Total	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
	£'000	£'000	£'000	£'000	£'000	£'000
Balance outstanding at start of year:	358	322	86	80	444	402
Purchases	362	316	229	247	591	563
Recognised as an expense in the year	(372)	(336)	(225)	(251)	(597)	(587)
Written off balances	(26)	(10)	(10)	0	(36)	(10)
Reversals of write offs in previous year/average price adjustment	0	0	0	0	0	0
Balance outstanding at year end.	322	292	80	76	402	368

All inventories are held on the Chief Constable's balance sheet.

20. Short-Term Debtors

Group	Commissioner		Group	Commissioner
31 st March 2015	31 st March 2015		31 st March 2016	31 st March 2016
£'000	£'000		£'000	£'000
6,098	6,098	Central Government bodies	3,999	3,999
261	261	Local authorities	3	0
683	660	Other Police Bodies	742	742
314	307	Other Public Bodies	200	200
638	395	Limited Companies	1,239	912
46	46	Other entities and individuals	112	102
1,493	1,493	Value added tax claims	194	194
9,533	9,260	Total	6,489	6,149

21. Cash and Cash Equivalents

31 st March 2015		31 st March 2016
£'000		£'000
19	Cash held	19
2,408	Bank current accounts	1,902
4,000	Short-term deposits	0
6,427	Total	1,921

22. Assets held for sale

	Non - current	
	31 st March 2015	31 st March 2016
	£'000	£'000
Balance outstanding at start of year:	567	430
Assets newly classified as held for sale:		
• Property, plant and equipment	0	0
• Other assets/liabilities in disposal groups	0	0
Assets reclassified as Surplus assets	0	(430)
Revaluation losses	0	0
Revaluation gains	0	0
Assets sold	(137)	0
Balance outstanding at year end	430	0

23. Short-Term Creditors

Group	Commissioner		Group	Commissioner
31 st March 2015	31 st March 2015		31 st March 2016	31 st March 2016
£'000	£'000		£'000	£'000
3,089	2,430	Central Government bodies	2,361	1,982
635	58	Local authorities	713	21
454	36	Other Police Bodies	1,871	23
122	76	Other Public Bodies	116	80
1,401	330	Limited Companies	1,680	280
4,448	3,384	Other entities and individuals	1,337	85
10,149	6,314	Total	8,078	2,471

24. Provisions

Short Term Provisions

The following amounts are expected to be paid within 12 months of the reporting period:

	Statutory Funds	Ill Health Retirements	Other Provisions	Total
	£'000	£'000	£'000	£'000
Balance outstanding at start of year:	876	134	63	1,073
Additional provisions made in 2015/16	206	221	0	427
Amounts used in 2015/16	(429)	0	2	(427)
Unused amounts reversed in 2015/16	0	(134)	0	(134)
Balance outstanding at year end:	653	221	65	939

Statutory Funds -Money Held Pending Reclaim

The Commissioner is empowered to seize monies or property used, or intended for use, for the purpose of crime. These seized monies are held within the "Money Held Pending Reclaim" fund, pending a ruling by the Courts. Once this ruling is made the funds can be disposed of in line with relevant legislation.

Ill Health Retirements

A provision has been established to meet the cost of ill health retirement payments for those employees who, at the year end, were deemed unlikely to return to work but for whom the full health assessment had yet to be completed.

Other Provisions

At the year end, £55k relates to obligations to existing members of the Force Presentation Fund.

Long Term Provisions

The following amounts are expected to be paid more than 12 months after the reporting period:

	Insurance provision	Municipal Mutual Insurance Ltd	Total
	£'000	£'000	£'000
Balance outstanding at start of year:	410	518	928
Additional provisions made in 2015/16	188	0	188
Amounts used in 2015/16	(182)	(61)	(243)
Balance outstanding at year end:	416	457	873

Insurance Provision

This is an assessment of the likely settlement of insurance claims to be made by the Commissioner.

Municipal Mutual Insurance Ltd

For further information, please refer to Note 4.

25. Usable reserves

Movements in the Commissioner's usable reserves are detailed in the Movement in Reserves Statement and in this note.

31 st March 2015		31 st March 2016
£'000		£'000
4,500	General Reserve	4,500
22,849	Earmarked Revenue Reserves	9,174
17,528	Earmarked Capital Reserve	18,683
0	Capital Receipts Reserve	0
627	Capital Grants Unapplied	505
45,504	Total	32,862

General Reserve

The Commissioner maintains a General Reserve of £4.5m to act as:

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;
- a contingency to cushion the impact of unexpected events or emergencies.

Earmarked Revenue Reserves

This reserve includes a significant sum of money set aside to support the revenue budget in the medium term plan. This is as a result of the Commissioner wishing to return surplus reserves held to the public. This was achieved through reducing the council tax precept payable for a band D property by 5% in 2014/15 (compared with the previous year) and by freezing the council tax precept in 2015/16. This has resulted in £6.662m being set aside for this purpose and is classed as "Other Reserves" below.

In addition, reserves classed as "Invest to Save" below have also been earmarked for specific initiatives. These initiatives are expected to incur one off costs that should deliver ongoing savings to the Commissioner. Many of these projects focus on developing systems and communications technology, some of which are necessary to link in with new national system infrastructures.

Reserve	Balance at 31 st March 2015	Reclassification 2015/16	Transfers out 2015/16	Transfers in 2015/16	Balance at 31 st March 2016	Description
	£'000	£'000	£'000	£'000	£'000	
Ill Health Retirement Reserve	794	(72)	0	0	722	To meet the cost of <i>possible</i> ill health retirements in respect of officers who have been, or are anticipated to be, on long term restrictions or limited duties.
Insurance Reserve	750	(750)	0	0	0	These are funds that were held to meet potential and contingent insurance liabilities – there has been limited use of this fund in the past and these costs will be met from the General Reserve in future.
Invest to Save Reserve	7,387	587	(7,071)	622	1,525	To fund future projects that will deliver ongoing revenue savings.
Criminal Justice Reserve	951	(951)	0	0	0	These funds were earmarked to be spent on the wider Criminal Justice system. However, as these funds were not used as previously anticipated, they have now been re-allocated to fund other invest to save initiatives.
Go Safe Reserve	0	0	0	305	305	Held on behalf of the 'Go Safe' Partnership to fund future earmarked revenue expenditure.
PFI Termination Reserve	4,000	(403)	(3,597)	0	0	This reserve was established last financial year in order to fund the termination of the Ammanford police station PFI. Termination was achieved on 19 th June 2015.
Other Reserves	8,967	(424)	(1,961)	40	6,622	Funds aimed at addressing the future funding gap.
Total	22,849	(2,013)	(12,629)	967	9,174	

Earmarked Capital Reserves

These are amounts set aside from day to day spending and money received from the sale of non-current assets to pay for new non-current assets or repay borrowing. There has been a lack of investment in the estate over the last few years and the Commissioner has now begun a significant programme of works that will deliver an effective, fit for purpose estate over the next few years.

2014/15		2015/16	
£'000		£'000	£'000
14,947	Balance at 1 st April:		17,528
	Amounts received in year *	543	
	Reclassifications	2,013	
2,581	Amounts used in year	(1,401)	1,155
17,528	Balance at 31 st March:		18,683

*Amount held on behalf of the 'Go Safe' Partnership – please refer to Note 31 for further information

Capital Receipts Reserve

This account relates to the proceeds from the sale of non-current assets.

2014/15		2015/16
£'000		£'000
0	Balance at 1st April:	0
	<i>Capital receipts received during year</i>	
(31)	Vehicles	(63)
(137)	Buildings	0
0	Helicopter	0
168	Capital receipts utilised during year	63
0	Balance at 31st March:	0

Capital Grants Unapplied

2014/15		2015/16
£'000		£'000
1,004	Balance at 1st April:	627
974	Grant received in year	695
(1,351)	Grant applied in year	(817)
627	Balance at 31st March:	505

26. Unusable reserves

31 st March 2015		31 st March 2016
£'000		£'000
13,191	Revaluation reserve	13,253
50,908	Capital adjustment account	59,282
(534)	Accumulated absences account	(503)
(1,047,283)	Pensions reserve	(1,011,819)
0	Deferred Capital Receipt	205
0	Available for Sale Financial Instruments Reserve	165
(983,718)	Total	(939,417)

Revaluation reserve

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

2014/15		2015/16
£'000		£'000
13,476	Balance at 1st April:	13,191
0	Upward revaluation of assets	363
0	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the Provision of Services	(17)
0	Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the Provision of Services	346
(285)	Difference between fair value depreciation and historical cost depreciation	(284)
0	Amount written off to the Capital Adjustment Account	0
13,191	Balance at 31st March:	13,253

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Commissioner as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Group/Commissioner.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007

2014/15		2015/16
£'000		£'000
51,651	Balance at 1st April:	50,908
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(3,928)	• Charges for depreciation and impairment of non-current assets	(3,393)
0	• Revaluation losses on property, plant and equipment	(448)
0	• Revaluation gains on property, plant and equipment	482
(13)	• Amortisation of intangible assets	(10)
0	• Revenue expenditure funded from capital under statute	0
(164)	• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(991)
47,546		46,548
	Adjusting amounts written out of the Revaluation Reserve	
	Net write out amount of the cost of non-current assets consumed in the year	
	Capital financing applied in the year:	
168	• Use of Capital Receipts Reserve to finance new capital expenditure	63
1,084	• Use of Reserves to finance new capital expenditure	1,436
974	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	695
377	• Application of grants to capital financing from the Capital Grants Unapplied Account	122
339	• Statutory provision for the financing of capital investment charged against the General Fund	10
0	• Provision for the financing of capital investment charged against the General Fund	7,309
420	• Capital expenditure charged against the General Fund	605
3,362		10,240
0	Termination of PFI contract – write off of PFI liability	2,494
0	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	0
0	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	0
50,908	Balance at 31st March:	59,282

Accumulated Absences Account

This account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2014/15		2015/16
£'000		£'000
(557)	Balance at 1 st April:	(534)
557	Settlement or cancellation of accrual made at the end of the preceding year	534
(534)	Amounts accrued at the end of the current year	(503)
23	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	31
(534)	Balance at 31 st March:	(503)

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 the costs. However, statutory arrangements require benefits earned to be financed as the Chief Constable makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Commissioner 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.

2014/15		2015/16
£'000		£'000
(883,675)	Balance at 1 st April:	(1,047,283)
(126,348)	Actuarial (gains) or losses on pensions assets and liabilities	66,641
9,524	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	12,529
(46,784)	Employer's pensions contributions and direct payments to pensioners payable in the year.	(43,706)
(1,047,283)	Balance at 31 st March:	(1,011,819)

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Commissioner does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2014/15		2015/16
£'000		£'000
0	Balance at 1st April:	0
0	Transfer of deferred sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	205
0	Transfer to the Capital Receipts Reserve upon receipt of cash	0
0	Balance at 31st March:	205

Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Commissioner arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost,
- disposed of and the gains are realised.

2014/15		2015/16
£'000		£'000
0	Balance at 1st April:	0
0	Upward revaluation of investments	165
0	Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income	0
0	Balance at 31st March:	165

27. Cash flow statement – operating activities

2014/15 - Restated		2015/16
£'000		£'000
35,837	Net (surplus) or deficit on the provision of services	35,328
	Adjustments for non-cash movements:	
(4,224)	Depreciation	(3,688)
(1)	Investment Impairment	40
0	Fixed Asset Impairment	0
0	Revaluation losses on Property, Plant & Equipment	0
(37,260)	Net charges made for Retirement Benefits	(31,176)
(166)	Sale of Fixed Assets (NBV)	(721)
(525)	Contribution to Provisions	189
0	Gain on Revaluation of Financial Assets available for sale	165
35	Net PFI Contribution	2,504
33	Increase/Decrease in Interest on Investments accrual	5
1	Increase/Decrease in Interest on Borrowing accrual	1
(42)	Increase/Decrease in Stock	(34)
3,045	Increase/Decrease in Debtors	(3,044)
(3,200)	Increase/Decrease in Creditors	2,006
0	Capital Grants in Advance	0
(42,304)		(33,753)
	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities:	
168	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	63
(148)	Other payments for financing activities – Agency arrangements	(996)
414	Payments for and Receipts from investing activities	616
434		(317)
(6,033)	Net cash flows from operating activities	1,258

28. Cash flow statement – investing activities

2014/15		2015/16
£'000		£'000
2,306	Purchase of property, plant and equipment, investment property and intangible assets	2,842
249,000	Purchase of short-term and long-term investments	143,079
210	Other payments for investing activities	200
(169)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(63)
(247,008)	Proceeds from short-term and long-term investments	(143,132)
(623)	Other receipts from investing activities	(817)
3,716	Net cash flows from investing activities	2,109

29. Cash flow statement – financing activities

2014/15		2015/16
£'000		£'000
131	Repayments of short- and long-term borrowing	143
148	Other payments for financing activities	996
279	Net cash flows from financing activities	1,139

30. Amounts reported for resource allocation decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice (SeRCOP)*. However, decisions about resource allocation are taken by the Police and Crime Commissioner on the basis of budget reports analysed across subjective headings.

These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- expenditure on some support services is budgeted for centrally and not charged to Divisions and Departments.

The income and expenditure of the Group/Commissioner's principal directorates recorded in the budget reports for the year is as follows:

Group - Directorate Income and Expenditure 2015/16

	OPCC	Territorial Policing	Investigations	Central	Total Directorate Analysis
	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(719)	(135)	(496)	(425)	(1,775)
Government grants	(619)	(1,286)	0	(2,270)	(4,175)
Total Income	(1,338)	(1,421)	(496)	(2,695)	(5,950)
Employee costs	741	48,599	17,828	6,221	73,389
Premises costs	0	67	65	108	240
Transport costs	13	732	173	345	1,263
Supplies & services	154	2,302	1,528	201	4,185
Agency & contracted services	1,351	66	128	1,638	3,183
Total Expenditure	2,259	51,766	19,722	8,513	82,260
Net Expenditure	921	50,345	19,226	5,817	76,310

Group - Directorate Income and Expenditure 2014/15

	OPCC	Territorial Policing	Investigations	Central	Total Directorate Analysis
	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(637)	(167)	(300)	(1,352)	(2,456)
Government grants	(298)	(406)	0	(2,259)	(2,963)
Total Income	(935)	(573)	(300)	(3,611)	(5,419)
Employee costs	703	43,180	12,361	21,934	78,178
Premises costs	0	348	97	97	542
Transport costs	19	1,206	170	166	1,561
Supplies & services	157	2,049	1,465	127	3,798
Agency & contracted services	1,373	55	145	1,192	2,765
Total Expenditure	2,252	46,838	14,238	23,516	86,844
Net Expenditure	1,317	46,265	13,938	19,905	81,425

Commissioner - Directorate Income and Expenditure 2015/16

	OPCC	Territorial Policing	Investigations	Central	Total Directorate Analysis
	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(719)	(135)	(496)	(425)	(1,775)
Government grants	(619)	(1,286)	0	(2,270)	(4,175)
Total Income	(1,338)	(1,421)	(496)	(2,695)	(5,950)
Employee costs	634	0	0	0	634
Premises costs	0	0	0	0	0
Transport costs	13	0	0	0	13
Supplies & services	154	0	0	0	154
Agency & contracted services	1,351	0	0	0	1,351
Total Expenditure	2,152	0	0	0	2,152
Net Expenditure	814	(1,421)	(496)	(2,695)	(3,798)

Commissioner - Directorate Income and Expenditure 2014/15

	OPCC	Territorial Policing	Investigations	Central	Total Directorate Analysis
	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(637)	(167)	(300)	(1,351)	(2,455)
Government grants	(298)	(406)		(2,259)	(2,963)
Total Income	(935)	(573)	(300)	(3,610)	(5,418)
Employee costs	646	0	0	0	646
Premises costs	0	0	0	0	0
Transport costs	19	0	0	0	19
Supplies & services	157	0	0	0	157
Agency & contracted services	1,373	0	0	0	1,373
Total Expenditure	2,195	0	0	0	2,195
Net Expenditure	1,260	(573)	(300)	(3,610)	(3,223)

Reconciliation of Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

Group 2014/15	Commissioner 2014/15		Group 2015/16	Commissioner 2015/16
£'000	£'000		£'000	£'000
81,425	(3,223)	Net expenditure in the Directorate Analysis	76,310	(3,798)
15,387	(5,788)	Net amounts of services and support services not included in the Analysis	18,498	(6,226)
11,427	(270)	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	12,931	3,360
0	0	Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	0	0
108,239	(9,281)	Cost of services in Comprehensive Income and Expenditure Statement	107,739	(6,664)

Reconciliation to Subjective Analysis

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

Group - Financial year 2015/16

Group						
	Directorate Analysis	Net amounts of services and support services not included in the Analysis	Amounts in the CIES not reported to management in the analysis	Cost of Services in the Comprehensive Income & Expenditure Statement	Corporate Amounts	Surplus/Deficit on provision of services
	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(1,775)	(3,106)	415	(4,466)	0	(4,466)
Interest & investment income	0	0	0	0	(1,036)	(1,036)
Income from council tax	0	0	0	0	(43,033)	(43,033)
Government grants & contributions	(4,175)	(3,120)	911	(6,384)	(63,523)	(69,907)
Gain or loss on disposal of non-current assets	0	0	0	0	723	723
Total Income	(5,950)	(6,226)	1,326	(10,850)	(106,869)	(117,719)
Employee costs	73,389	15,749	(1,165)	87,973	0	87,973
Premises costs	240	3,265	(228)	3,277	200	3,477
Transport costs	1,263	893	(145)	2,011	0	2,011
Supplies & services	4,185	4,296	76	8,557	0	8,557
Agency & contracted services	3,183	521	150	3,854	0	3,854
Pension costs	0	0	7,834	7,834	34,097	41,931
Depreciation, amortisation, impairment & revaluations	0	0	3,688	3,688	0	3,688
Exceptional Item – PFI Termination	0	0	1,469	1,469	0	1,469
Exceptional Item - Icelandic bank impairment	0	0	(40)	(40)	0	(40)
Exceptional Item – Non-current asset revaluation	0	0	(34)	(34)	0	(34)
Gain on revaluation of financial assets available for sale	0	0	0	0	(164)	(164)
Interest payments	0	0	0	0	325	325
Total Expenditure	82,260	24,724	11,605	118,589	34,458	153,047
Surplus or deficit on the provision of services	76,310	18,498	12,931	107,739	(72,411)	35,328

Group - Financial year 2014/15

Group						
	Directorate Analysis	Net amounts of services and support services not included in the Analysis	Amounts in the CIES not reported to management in the analysis	Cost of Services in the Comprehensive Income & Expenditure Statement	Corporate Amounts	Surplus/Deficit on provision of services
	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(2,456)	(2,595)	263	(4,788)	0	(4,788)
Interest & investment income	0	0	0	0	(816)	(816)
Income from council tax	0	0	0	0	(44,886)	(44,886)
Government grants & contributions	(2,963)	(3,188)	(1,460)	(7,611)	(66,744)	(74,355)
Gain or loss on disposal of non-current assets	0	0	0	0	(4)	(4)
Total Income	(5,419)	(5,783)	(1,197)	(12,399)	(112,450)	(124,849)
Employee costs	78,178	12,955	1,287	92,420	0	92,420
Premises costs	542	2,782	149	3,473	210	3,683
Transport costs	1,561	840	179	2,580	0	2,580
Supplies & services	3,798	4,037	438	8,273	0	8,273
Agency & contracted services	2,765	556	(840)	2,481	0	2,481
Pension costs	0	0	7,182	7,182	39,233	46,415
Depreciation, amortisation, impairment & revaluations	0	0	4,228	4,228	0	4,228
Icelandic bank impairment	0	0	1	1	0	1
Non-current asset revaluation	0	0	0	0	0	0
Interest payments	0	0	0	0	605	605
Total Expenditure	86,844	21,170	12,624	120,638	40,048	160,686
Surplus or deficit on the provision of services	81,425	15,387	11,427	108,239	(72,402)	35,837

Commissioner - Financial year 2015/16

Commissioner						
	Directorate Analysis	Net amounts of services and support services not included in the Analysis	Amounts in the CIES not reported to management in the analysis	Cost of Services in the Comprehensive Income & Expenditure Statement	Corporate Amounts	Surplus/Deficit on provision of services
	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(1,775)	(3,106)	415	(4,466)	0	(4,466)
Interest & investment income	0	0	0	0	(1,036)	(1,036)
Income from council tax	0	0	0	0	(43,033)	(43,033)
Government grants & contributions	(4,175)	(3,120)	911	(6,384)	(63,523)	(69,907)
Gain or loss on disposal of non-current assets	0	0	0	0	723	723
Charge to Chief Constable for use of Non-Current Assets	0	0	(3,050)	(3,050)	0	(3,050)
Total Income	(5,950)	(6,226)	(1,724)	(13,900)	(106,869)	(120,769)
Employee costs	634	0	0	634	0	634
Premises costs	0	0	0	0	200	200
Transport costs	13	0	0	13	0	13
Supplies & services	154	0	0	154	0	154
Agency & contracted services	1,351	0	0	1,351	0	1,351
Pension costs	0	0	0	0	21	21
Depreciation, amortisation, impairment & revaluations	0	0	3,688	3,688	0	3,688
Exceptional Item – PFI Termination	0	0	1,470	1,470	0	1,470
Exceptional Item - Icelandic bank impairment	0	0	(40)	(40)	0	(40)
Exceptional Item – Non-current asset revaluation	0	0	(34)	(34)	0	(34)
Gain on revaluation of financial assets available for sale	0	0	0	0	(164)	(164)
Interest payments	0	0	0	0	325	325
Intra-Group Transfer	0	0	0	0	148,479	148,479
Total Expenditure	2,152	0	5,084	7,236	148,861	156,097
Surplus or deficit on the provision of services	(3,798)	(6,226)	3,360	(6,664)	41,992	35,328

Commissioner - Financial year 2014/15

Commissioner						
	Directorate Analysis	Net amounts of services and support services not included in the Analysis	Amounts in the CIES not reported to management in the analysis	Cost of Services in the Comprehensive Income & Expenditure Statement	Corporate Amounts	Surplus/Deficit on provision of services
	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(2,455)	(2,595)	263	(4,787)	0	(4,787)
Interest & investment income	0	0	0	0	(816)	(816)
Income from council tax	0	0	0	0	(44,886)	(44,886)
Government grants & contributions	(2,963)	(3,193)	(1,461)	(7,617)	(66,744)	(74,361)
Gain or loss on disposal of non-current assets	0	0	0	0	(4)	(4)
Charge to Chief Constable for use of Non-Current Assets	0	0	(3,307)	(3,307)	0	(3,307)
Total Income	(5,418)	(5,788)	(4,505)	(15,711)	(112,450)	(128,161)
Employee costs	646	0	0	646	0	646
Premises costs	0	0	0	0	210	210
Transport costs	19	0	0	19	0	19
Supplies & services	157	0	0	157	0	157
Agency & contracted services	1,373	0	0	1,373	0	1,373
Pension costs	0	0	5	5	12	17
Depreciation, amortisation, impairment & revaluations	0	0	4,229	4,229	0	4,229
Icelandic bank impairment	0	0	1	1	0	1
Non-current asset revaluation	0	0	0	0	0	0
Interest payments	0	0	0	0	605	605
Intra-Group Transfer	0	0	0	0	156,741	156,741
Total Expenditure	2,195	0	4,235	6,430	157,568	163,998
Surplus or deficit on the provision of services	(3,223)	(5,788)	(270)	(9,281)	45,118	35,837

31. Agency services

Since April 2015, The Police and Crime Commissioner for Dyfed Powys has been the strategic lead for the financial administration of the 'GoSafe' Partnership. 'GoSafe' is the public facing image of the Wales Road Casualty Reduction Partnership which comprises the 4 Welsh Police Forces, 22 Unitary Authorities for Wales and the Welsh Government (as the Trunk Road authority).

The 'GoSafe' Partnership is funded from two principle sources: a Welsh Government grant, and utilisation of income received from attendance of offenders on Speed Awareness Courses. During 2015/16, the Police and Crime Commissioner for Dyfed Powys submitted grant claims totalling £2.54m, and made creditor payments to the value of £5.53m, on behalf of the Partnership.

The 'GoSafe' Partnership pays the Police and Crime Commissioner an annual administration fee in return for the services provided.

2014/15		2015/16
£'000		£'000
0	Expenditure incurred in providing Financial Administration Services to the 'GoSafe' partnership	10
0	Administration fee payable by the 'GoSafe' partnership	(10)
0	Net surplus arising on the agency arrangements	0

In accordance with the requirements of IAS 18 *Revenue*, the Code of Practice requires that where an organisation acts as an agent, transactions will not be reflected in an authority's financial statements, with the exception of cash collected or expenditure incurred by the agent on behalf of the principal, in which case there is a debtor or creditor position and the net cash is included in Financing Activities in the Cash Flow Statement.

Pension services provided by Carmarthenshire County Council

The council administer the Local Government and Police Pension schemes and levy an annual fee based on the number of active and deferred members, as well as actual pensioners. A cost is also incurred for maintenance and the annual benefit statements.

2014/15		2015/16
£'000		£'000
62	Expenditure incurred in administering the Police and Local Government Pension Schemes	82
62	Net surplus arising on the agency arrangements	82

32. Collaborative Arrangements

Police forces in Wales have a long, successful history of collaborating to develop specialist areas of policing. This included those under the remit of the former Police Authorities of Wales Joint Committee. Future collaboration will be driven by the need to satisfy the Strategic Policing Requirement and by the outcomes of the Regional Strategic Assessment of threats, risks and harm to the southern region of Wales.

The Police and Crime Commissioner for each Police Force will be responsible for ensuring the Strategic Policing Requirement is met. As part of this, he will look to work in collaboration with other Commissioner's and forces to provide the most effective service possible. Such agreements are regulated by Section 22A of the

Police Act 1996, as amended by the Police Reform and Social Responsibility Act 2011.

The collaborative services and their funding continue under revised Commissioner and Force Governance arrangements. These are in effect considered as 'Pooled Budgets' with agreements for Funding Contributions, made and varied from time to time, and certain Specific Government Grants. The pooled budgets are effectively hosted by the Commissioner and Force for South Wales Police on behalf of the four police forces in Wales.

The CIPFA guidance on "Accounting for Collaboration requires the Commissioner and Force to assess all collaborative activity and categorise these into either joint operations or joint ventures and account for their fair share of expenditure, income, assets and liabilities in their individual accounts.

The Expenditure and Income Statements for the main collaborative arrangements are provided below:

2015/16	Counter Terrorism Intelligence Unit	Counter Terrorism Specialist Advisors	Counter Terrorism Port/Dedicated Security	Regional Organised Crime Unit	Regional Task Force	Joint Firearms Unit	TOTAL
Service Classification	National Policing	National Policing	National Policing	Intelligence/ Investigation	Intelligence	Specialist Operations	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Pay Expenditure	4,179	411	2,389	3,610	1,873	9,670	22,132
Non Pay Expenditure	1,504	29	172	965	627	1,569	4,866
Gross Expenditure	5,683	440	2,561	4,575	2,500	11,239	26,998
Specific Grant Income	(5,664)	(440)	(2,556)	(2,613)	(500)	0	(11,773)
Income	(19)	0	(5)	(274)	(99)	(16)	(413)
Total Income & Grants	(5,683)	(440)	(2,561)	(2,887)	(599)	(16)	(12,186)
Force Contributions (Net)	0	0	0	(1,688)	(1,901)	(11,223)	(14,812)
(Surplus) or Deficit	0	0	0	0	0	0	0

Finance representatives from all Forces in Wales met with representatives of the Wales Audit Office on the 29th January 2016. At this meeting, the cost apportionment method for each Collaborative Arrangement was agreed. The tables below show each Force's contribution towards Expenditure and Income:

2015/16	Counter Terrorism Intelligence Unit	Counter Terrorism Specialist Advisors	Counter Terrorism Port/Dedicated Security	Regional Organised Crime Unit	Regional Task Force	Joint Firearms Unit	TOTAL
Service Classification and agreed basis of apportionment	National Policing (Population)	National Policing (Population)	National Policing (Population exc. NWP)	Intelligence/ Investigation (Population exc. NWP)	Intelligence (Agreed Financial Contribution)	Specialist Operations (Agreed Financial Contribution)	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Dyfed-Powys	950	74	552	986	525	3,182	6,269
Gwent	1,067	83	620	1,107	625	2,764	6,266
North Wales	1,276	99	Note 1	Note 1	Note 1	Note 1	1,375
South Wales	2,390	184	1,389	2,482	1,350	5,293	13,088
Gross Expenditure	5,683	440	2,561	4,575	2,500	11,239	26,998
2015/16	Counter Terrorism Intelligence Unit	Counter Terrorism Specialist Advisors	Counter Terrorism Port/Dedicated Security	Regional Organised Crime Unit	Regional Task Force	Joint Firearms Unit	TOTAL
Service Classification and agreed basis of apportionment	National Policing (Population)	National Policing (own spending)	National Policing (Population exc. NWP)	Intelligence/ Investigation (Population)	Intelligence (Agreed Financial Contribution)	Specialist Operations (Agreed Financial Contribution)	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Dyfed-Powys	(950)	(74)	(552)	(622)	(126)	(4)	(2,328)
Gwent	(1,067)	(83)	(620)	(699)	(150)	(4)	(2,623)
North Wales	(1,276)	(99)	Note 1	Note 1	Note 1	Note 1	(1,375)
South Wales	(2,390)	(184)	(1,389)	(1,566)	(323)	(8)	(5,860)
Total Income & Grants	(5,683)	(440)	(2,561)	(2,887)	(599)	(16)	(12,186)

Note 1: North Wales Police are basing their costs and income on actual costs rather than an allocation on Welsh population. Furthermore, they are not included in the Regional Task Force, which operates in the Southern Welsh Forces and for the Regional Organised Crime Unit, they contribute to the North West region of England and North Wales.

Each force may hold their own reserves for collaborative purposes.

33. Officers' remuneration

Senior employees

	Year	Note	Salary (including fees and allowances)	Benefits in kind - lease cars	Benefits in kind - relocation expenses	Other Payments	Total remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
Chief Constable	2015/16		127,465	4,192	0	0	131,657	27,517	159,174
	2014/15		126,237	4,425	0	0	130,662	29,733	160,395
Deputy Chief Constable	2015/16	2	115,856	3,501	0	0	119,357	27,034	146,391
	2014/15	3	113,978	4,106	0	5,593	123,677	26,766	150,443
T/Deputy Chief Constable	2015/16	4	44,558	1,570	0	0	46,128	10,783	56,911
	2014/15		0	0	0	0	0	0	0
Assistant Chief Constable	2015/16	5	36,669	2,382	30,139	0	69,190	8,874	78,064
	2014/15		0	0	0	0	0	0	0
T/Assistant Chief Constable	2015/16	6	64,014	1,846	0	0	65,860	13,953	79,813
	2014/15	7	50,130	2,184	0	0	52,314	11,765	64,079
Director of Finance/ Chief Financial Officer to the Chief Constable	2015/16		68,007	0	0	0	68,007	7,889	75,896
	2014/15		64,647	0	0	0	64,647	7,499	72,146
Director of Resources	2015/16		68,007	0	0	0	68,007	7,889	75,896
	2014/15	8	42,065	0	0	0	42,065	4,846	46,911
Director of Legal and Compliance	2015/16		69,498	0	0	0	69,498	0	69,498
	2014/15		68,175	0	0	0	68,175	0	68,175
Commissioner	2015/16		65,000	0	0	0	65,000	7,540	72,540
	2014/15		65,000	0	0	0	65,000	7,540	72,540

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Deputy Commissioner*	2015/16	9	53,000	0	0	0	0	53,000	6,148	59,148
	2014/15		53,000	0	0	0	0	53,000	6,148	59,148
Chief Financial Officer to the Commissioner*	2015/16	10	58,208	0	0	0	0	58,208	6,776	64,984
	2014/15		64,706	0	0	0	0	64,706	7,492	72,198
Chief of Staff*	2015/16	11	4,405	0	0	0	0	4,405	5,793	10,198
	2014/15		58,499	0	0	0	0	58,499	6,786	65,285
Temporary Chief of Staff*	2015/16	11	59,142	0	0	0	0	59,142	6,860	66,002
	2014/15		0	0	0	0	0	0	0	0
Total 2015/16			833,829	13,491	30,139	0	0	877,459	137,056	1,014,515
Total 2014/15			706,437	10,715	0	5,593	722,745	108,575	831,320	

*staff under the direction and control of the Commissioner

Note 1: Under the Chief Officer Relocation Package Policy, Chief Officers who relocate their main home to the force area are entitled to receive reimbursement of their relocation expenses. This is in accordance with Winsor Recommendation 37, which states that Police and Crime Commissioners "should be required to pay all reasonable costs arising from the sale and purchase of a chief officer's house and should pay all tax liabilities arising from any relocation packages, so that, for the chief officer concerned, there is no personal financial disadvantage."

Note 2: The Deputy Chief Constable was seconded to the role of "Deputy Chief Constable - All Wales" from 08/11/15 - present. There was no change in remuneration as a result of this appointment.

Note 3: The figure of £5,593 in the 'Other Payments' column relates to reimbursement of the benefit in kind tax liability that was incurred as a result of relocation expenses paid to the Deputy Chief Constable in 2012/13 and the resultant change in tax code. This was in accordance with Winsor Recommendation 37 (see note 1).

Note 4: The Assistant Chief Constable was promoted to Temporary Deputy Chief Constable from 08/11/2015 onwards. The annualised salary for this post in 2015/16 was £112,173.

Note 5: The Assistant Chief Constable was appointed on 29/06/15 and was in post until 07/11/2015 (see note 4). The annualised salary for this post in 2015/16 was £102,822.

Note 6: The Temporary Assistant Chief Constable was in post between 01/04/2015 - 27/06/2015 and 15/11/2015 - 31/03/2016. The annualised salary for this post in 2015/16 was £97,509.

Note 7: The Temporary Assistant Chief Constable was appointed on 28/09/2014. The annualised salary for this post in 2014/15 was £95,245.

Note 8: The Director of Resources was appointed on 11/08/2014. The annualised salary for this post in 2014/15 was £65,229.

Note 9: The Deputy Commissioner left the organisation on 11/05/2016 following the Police and Crime Commissioner elections. The new Commissioner does not intend to appoint a Deputy Commissioner.

Note 10: The Chief Financial Officer to the Commissioner reduced her working hours during 2015/16. The full-time equivalent salary for this post in 2015/16 was £68,007.

Note 11: The Chief of Staff was on maternity leave from 27/04/2015 - 10/04/2016. The salary figure shown above excludes maternity pay. The annualised salary for this post in 2015/16 was £60,993.

Note 12: The Temporary Chief of Staff was in post from 02/03/2015 - 08/05/2016 to cover the Chief of Staff's maternity leave (see note 11).

Other employees

The other Group employees receiving more than £60,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

2014/15		2015/16
Number of employees		Number of employees
6	£60,000 - £64,999*	4
5	£65,000 - £69,999	5
1	£70,000 - £74,999*	1
4	£75,000 - £79,999	3
3	£80,000 - £84,999	3
1	£85,000 - £89,999	2

*The remuneration paid to two individuals in 2014-15, one in the £60,000 - £64,999 bracket and the other in the £70,000 - £74,999 bracket, included compensation for loss of office.

There were no other Commissioner employees receiving more than £60,000 remuneration for the year (excluding employer's pension contributions).

Ratio of Chief Constable Remuneration/Chief of Staff Remuneration

The revision to the Accounts and Audit Regulations (Wales) in 2014 has added a new requirement to report the following remuneration ratio information:

- a. the remuneration of the body's Chief Constable/Chief of Staff during the year to which the accounts relate;
- b. the median full-time equivalent remuneration of all the body's employees in post at 31st March 2016; and
- c. the ratio of the amount in sub-paragraph (a) to the amount in sub-paragraph (b);

Remuneration includes basic salary, overtime, allowances and benefits in kind.

Commissioner:

The full-time equivalent remuneration of the Chief of Staff for 2015/16 was £60,993.

The median full-time equivalent remuneration of all the Commissioner's employees as at 31st March 2016 was £35,100.

The ratio of the temporary Chief of Staff's remuneration to the median Commissioner employee's remuneration was 1.74:1.

Chief Constable:

The remuneration of the Chief Constable for 2015/16 was £132,171.

The median full-time equivalent remuneration of all the Chief Constable's employees as at 31st March 2016 was £35,254.

The ratio of the Chief Constable's remuneration to the median Chief Constable employee's remuneration was 3.75:1.

Exit Packages

The number of exit packages with total cost per band and total cost of the redundancies during 2015/16 is set out in the tables below.

Group:

Exit package cost band	Number of Redundancies in each band	Cost of Redundancies in each band		
		Redundancy cost	Pension Strain	Total
	No.	£'000	£'000	£'000
£0 - £20,000	1*	6	0	6
£20,001 - £40,000	0	0	0	0
£40,001 - £60,000	0	0	0	0
£60,001 - £80,000	0	0	0	0
£80,001 - £100,000	0	0	0	0
£100,001 - £150,000	0	0	0	0
£150,000 +	0	0	0	0
	1	6	0	6

*No Group staff exited the organisation during 2015/16; however, a member of staff who exited the organisation in 2014/15 received a further payment in 2015/16 in respect of their exit package.

Commissioner:

No exit packages were charged to the Commissioner's accounts in 2015/16.

The total cost of exit packages is charged to the Group's Comprehensive Income and Expenditure Account in the current year. The cost of the Redundancies is included in the Service Analysis and the Pension Strain as a Non Distributed Cost.

In comparison, the number of exit packages with total cost per band and total cost of redundancies during 2014/15 is set out in the table below:

Group:

Exit package cost band	Number of Redundancies in each band	Cost of Redundancies in each band		
		Redundancy cost	Pension Strain	Total
	No.	£'000	£'000	£'000
£0 - £20,000	28	321	84	405
£20,001 - £40,000	13	374	91	465
£40,001 - £60,000	1	45	0	45
£60,001 - £80,000	0	0	0	0
£80,001 - £100,000	0	0	0	0
£100,001 - £150,000	0	0	0	0
£150,000 +	0	0	0	0
	42	740	175	915

Commissioner:

No exit packages were charged to the Commissioner's accounts in 2014/15.

Members

The following amounts were paid to Joint Audit Committee members in 2015/16.

Group	Commissioner		Group	Commissioner
2014/15	2014/15		2015/16	2015/16
£'000	£'000		£'000	£'000
0	0	Salaries	0	0
2	2	Allowances	3	3
0	0	Expenses	0	0
2	2	Total	3	3

34. External audit costs

The Group/Commissioner has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Group/Commissioner's external auditors:

Group	Commissioner		Group	Commissioner
2014/15	2014/15		2015/16	2015/16
£'000	£'000		£'000	£'000
82	41	Fees payable to the Wales Audit Office with regard to external audit services carried out by the appointed auditor for the year	82	41
82	41	Total	82	41

In 2014/15 the Group received a payment of £15,772 as a result of a redistribution of reserves to local government / police bodies and a refund of £3,381 in respect of the 2013/14 performance fee. These amounts have not been reflected in the figures above.

35. Grant Income

The Commissioner credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015/16:

2014/15		2015/16
£'000		£'000
	Credited to Financing and Investment Income and Expenditure	
0	Competed Fund	(75)
(20)	ACPO TAM CT Specific grant – Boat engines	0
(197)	Other capital grants	0
(217)	Total	(75)
	Credited to Taxation and Non-specific grant income	
(33,152)	Police Revenue Grant	(32,448)
(6,215)	Welsh Floor Grant	(5,063)
(1,251)	Revenue Support Grant	(1,426)
(757)	Capital Grant	(619)
(41,375)	Total	(39,556)
	Credited to services	
	Revenue grants	
(3,380)	Grants Receivable from the Home Office	(1,528)
(2,184)	Police Community Support Officers	(2,192)
(178)	Victim Support Services	(576)
(404)	Private Finance Initiative	(391)
(343)	All Wales Schools Liaison Programme	(334)
(7)	Competed Fund	(39)
(58)	Capital Loans Grant	(55)
0	Other Revenue Grants	(52)
	Collaborative Grants **	
(576)	Regional Organised Crime Unit	(563)
(105)	Regional Task Force	(105)
0	Dedicated Security Posts (Ports Unit)	(551)
0	Counter Terrorism Security Advisors (CTSA)	(56)
(779)	Counter Terrorism Intelligence Unit	(946)
(8,014)	Total	(7,388)

**Police and Crime Commissioners and Police Forces in Wales are complying with new requirements arising from the CIPFA guidance on "Accounting for Collaboration". This has required the Group to assess all collaborative activity and account for their fair share of grant income in their individual accounts since 2014/15. In the 2014/15 Statement of Accounts, following discussions between the Welsh Forces, grant income in respect of the Dedicated Security Posts (Ports Unit) and Counter Terrorism Security Advisors (CTSAs) was included based on the Police and Crime Commissioner for Dyfed Powys' 'own spending' as opposed to being apportioned based on 'fair share'. As a result, in 2014/15 the grants were shown under 'Grants Receivable from the Home Office'.

36. Related parties

The Group/Commissioner is required to disclose material transactions with related parties, i.e. bodies or individuals that have the potential to control or influence the Group/Commissioner or to be controlled or influenced by the Group/Commissioner.

Central Government and Other Public Bodies

Central government has significant influence over the general operations of the Group/Commissioner – it is responsible for providing the statutory framework within which the Group/Commissioner operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Group/Commissioner has with other parties. Grants received from government departments are set out in the subjective analysis in Note 30 on reporting for resource allocation decisions.

The Group/Commissioner has business relationships, giving rise to income and expenditure transactions, with Central Government Bodies and other Public Bodies as follows:

Group			Commissioner	
2015/16			2015/16	
Income	Expenditure		Income	Expenditure
£'000	£'000		£'000	£'000
(68,320)	764	Home Office	(68,320)	0
(17,934)	3	Welsh Government	(17,934)	0
(14,328)	4,300	Carmarthenshire County Council	(14,328)	0
(6,097)	139	Ceredigion County Council	(6,097)	0
(10,677)	539	Pembrokeshire County Council	(10,677)	275
(12,200)	197	Powys County Council	(12,200)	0

Group			Commissioner	
2014/15			2014/15	
Income	Expenditure		Income	Expenditure
£'000	£'000		£'000	£'000
(54,559)	455	Home Office	(57,797)	0
(16,271)	0	Welsh Government	(16,271)	0
(14,725)	963	Carmarthenshire County Council	(14,725)	33
(6,390)	151	Ceredigion County Council	(6,390)	5
(11,133)	182	Pembrokeshire County Council	(11,133)	7
(12,642)	142	Powys County Council	(12,642)	0

Joint Audit Committee Members

The total of members' allowances paid in 2015/16 is shown in note 33.

Senior Officers

The IPCC has an investigation underway following referral by the Force into allegations received against the Director of Legal and Compliance. The allegations relate to payments made by Dyfed Powys Police for legal services over a number of years to a barrister's chamber where her then husband worked. The IPCC is investigating what role the Director of Legal and Compliance had in instructing the chambers, in signing off any invoices and whether a potential conflict of interest was declared when required in line with force policies and procedures.

Payments totalling £14,461 were made to these chambers for legal services carried out during 2015/16.

There were no material transactions between the Group/Commissioner and other Senior Officers, or parties related to them.

Entities Controlled or significantly Influenced by the Group/Commissioner

There are no entities controlled or significantly influenced by the Group/Commissioner.

37. Capital expenditure and capital financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Group/Commissioner, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Group/Commissioner that has yet to be financed. The CFR is analysed in the second part of this note.

2014/15		2015/16
£'000		£'000
(7,614)	Opening capital financing requirement:	(7,309)
	Capital Investment:	
(3,023)	• Property, Plant and Equipment	(2,701)
0	• Investment properties	0
0	• Intangible assets	(219)
0	• Revenue expenditure funded from Capital under Statute	0
	Sources of finance:	
168	• Capital receipts	63
2,435	• Government grants and other contributions	2,252
	Sums set aside from revenue	
420	• Direct revenue contributions	605
305	• MRP / loans fund principal	0
0	Repayment of Capital Financing Requirement *	7,309
(7,309)	Closing capital financing requirement:	0

2014/15		2015/16
£'000		£'000
	Explanation of movements in the year:	
305	(Increase) / decrease in underlying need to borrow (supported by government financial assistance)	0
0	(Increase) / decrease in underlying need to borrow (unsupported by government financial assistance) *	7,309
0	Assets acquired under finance leases	0
0	Assets acquired under PFI contracts	0
305	(Increase)/ decrease in Capital Financing Requirement	7,309

* Please refer to Narrative Report and Note 4 for further information

38. Leases

Group/Commissioner as Lessee

Operating Leases

The Group/Commissioner leases property from other property owners where appropriate and affordable, to provide suitable accommodation for operational policing and support. The Group/Commissioner also has operating leases for plant and equipment which includes photocopiers.

The future minimum lease payments due under non-cancellable leases in future years are:

31 st March 2015		31 st March 2016
£'000		£'000
181	Not later than one year	168
551	Later than one year and not later than five years	416
1,146	Later than five years	977
1,878	Total	1,561

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2014/15		2015/16
£'000		£'000
292	Minimum lease payments	235
0	Contingent rents	0
0	(Sublease payments receivable)	0
292	Total	0

Group/Commissioner as Lessor

Operating Leases

The Group/Commissioner leases out part of its property portfolio to provide suitable and affordable accommodation for other Public Sector Authorities.

The future minimum lease payments receivable under non-cancellable leases in future years are:

Group	Commissioner		Group	Commissioner
31 st March 2015	31 st March 2015		31 st March 2016	31 st March 2016
£'000	£'000		£'000	£'000
93	93	Not later than one year	95	95
365	365	Later than one year and not later than five years	337	337
854	854	Later than five years	356	356
1,312	1,312	Total	788	788

The income credited to the Group/Commissioner's Comprehensive Income and Expenditure Statement during 2015/16 in relation to these leases was £163,481.

39. Private Finance Initiatives and similar contracts

Ammanford Police Station

Property Plant and Equipment

The assets used to provide services at the police station are recognised on the Group/Commissioner's Balance Sheet.

The classification of the asset remains the same on the Balance Sheet following the termination of the contract.

Payments

An agreed payment is made each year which is increased annually by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed.

Payments were made in 2015/16 for the period April - June prior to the termination of the contract.

Due to the termination of the PFI contract no payments remain to be made.

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

2014/15		2015/16
£'000		£'000
2,539	Balance outstanding at start of year	2,504
(35)	Payments during the year	(10)
0	Payments during the year (termination of contract)	(2,494)
0	Capital expenditure incurred in the year	0
2,504	Balance outstanding at year end	0

40. Impairment losses

During 2015/16, there is no reason to believe that the value of assets has changed, therefore there is no indication of impairment.

41. Termination benefits

During 2015/16 no staff exited the organisation under redundancy; however one additional payment was made during the year to a member of staff who exited the organisation in 2014/15, which was funded from the recurring revenue budget. See note 33 for the number of exit packages and total cost per band.

42. Defined benefit pension schemes

Participation in Pension schemes

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

The Group participates in two post-employment schemes:

- The Local Government Pension Scheme (LGPS), administered locally by Carmarthenshire County Council – this is a funded defined benefit final salary scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- The Police Officer Pension Scheme – this is an unfunded defined benefit final salary scheme, consequently the fund has no investment assets. Benefits payable are funded by contributions from employers and employees with any difference between benefits payable and contributions receivable being met by the top-up grant from the Home Office.

Transactions Relating to Post-employment Benefits

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 Group 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 General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme		Police Pension Scheme	
	Group	Commissioner	Group	Commissioner
	2015/16	2015/16	2015/16	2015/16
	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement:				
<i>Cost of services:</i>				
• Current service cost	(4,277)	(88)	(19,508)	0
• Past service cost	0	0	(3,199)	0
• Other	(94)	0	0	0
<i>Financing and Investment Income and Expenditure:</i>				
• Net interest expense	(1,009)	(21)	(33,088)	0
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(5,380)	(109)	(55,795)	0
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:</i>				
Remeasurement of the net defined benefit liability comprising:				
• Return on plan assets (excluding the amount included in the net interest expense)	(3,960)	0	0	0
• Remeasurement gains and losses arising on changes in demographic assumptions	0	0	0	0
• Remeasurement gains and losses arising on changes in financial assumptions	8,811	100	61,790	0
• Other – experience (gain)/loss	0	0	0	0
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(529)	(9)	5,995	0
Commissioning Costs (intra-group transfer)	0	(520)	0	5,995
Total net cost	(529)	(529)	5,995	5,995
<i>Movement in Reserves Statement:</i>				
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post -employment benefits in accordance with the Code	5,380	5,380	55,795	55,795
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>				
• Employers' contributions payable to scheme	(2,596)	(2,596)	(27,402)	(27,402)

An intra-group transfer has been processed from the Chief Constable's accounts to the Commissioner's accounts, as the Chief Constable is not responsible for holding reserves.

The cumulative amount of actuarial gains and losses recognised in the Group and Commissioner Comprehensive Income and Expenditure Statements to the 31 March 2016 is a gain of £4,851k (2014/15: £15,123k loss).

	Local Government Pension Scheme		Police Pension Scheme	
	Group	Commissioner	Group	Commissioner
	2014/15	2014/15	2014/15	2014/15
	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement:				
<i>Cost of services:</i>				
• Current service cost	(3,011)	(62)	(19,153)	0
• Past service cost	(235)	(5)	0	0
• Other	(92)	0	0	0
<i>Financing and Investment Income and Expenditure:</i>				
• Net interest expense	(608)	(12)	(38,625)	0
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(3,946)	(79)	(57,778)	0
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:</i>				
Remeasurement of the net defined benefit liability comprising:				
• Return on plan assets (excluding the amount included in the net interest expense)	8,348	0	0	0
• Remeasurement gains and losses arising on changes in demographic assumptions	0	0	0	0
• Remeasurement gains and losses arising on changes in financial assumptions	(23,471)	(311)	(146,398)	0
• Other – experience (gain)/loss	0	0	35,173	0
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(19,069)	(390)	(169,003)	0
Commissioning Costs (intra-group transfer)	0	(18,679)	0	(169,003)
Total net cost	(19,069)	(19,069)	(169,003)	(169,003)
<i>Movement in Reserves Statement:</i>				
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post -employment benefits in accordance with the Code	3,946	3,946	57,778	57,778
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>				
• Employers' contributions payable to scheme	(2,641)	(2,641)	(21,823)	(21,823)

Pensions Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Group's obligation in respect of its defined benefit plans is as follows:

	Local Government Pension Scheme		Police Pension Scheme	
	2014/15	2015/16	2014/15	2015/16
	£'000	£'000	£'000	£'000
Present value of the defined benefit obligation	(124,805)	(123,284)	(1,016,308)	(982,911)
Fair value of plan assets	93,830	94,376	0	0
Net liability arising from defined benefit obligation	(30,975)	(28,908)	(1,016,308)	(982,911)

Reconciliation of the movements in the Fair value of Scheme (Plan) Assets

	Local Government Pension Scheme		Police Pension Scheme	
	2014/15	2015/16	2014/15	2015/16
	£'000	£'000	£'000	£'000
Opening fair value of scheme assets	80,472	93,830	0	0
Interest income	3,733	3,214	0	0
Remeasurement gain / (loss)				
<ul style="list-style-type: none"> • The return on plan assets excluding the amount included in the net interest expense 	8,348	(3,960)	0	0
Contributions from employer	2,641	2,596	0	0
Contributions from employees into the scheme	1,205	1,238	0	0
Benefits paid	(2,477)	(2,448)	0	0
Other (if applicable)	(92)	(94)	0	0
Closing fair value of scheme assets	93,830	94,376	0	0

The majority of the employment costs are incurred by the Chief Constable, therefore assets and liabilities relating to post-employment benefits remain within the Chief Constable and Group accounts.

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Police Pension Scheme	
	2014/15	2015/16	2014/15	2015/16
	£'000	£'000	£'000	£'000
Opening Balance at 1st April:	(95,019)	(124,805)	(869,128)	(1,016,308)
Current service cost	(3,011)	(4,277)	(19,153)	(19,508)
Interest cost	(4,341)	(4,223)	(38,625)	(33,088)
Contributions from scheme participants	(1,205)	(1,238)	(5,849)	(5,862)
<i>Remeasurement gains and (losses)</i>				
• Remeasurement gains/ (losses) arising from changes in demographic assumptions	0	0	0	0
• Remeasurement gains / (losses) arising from changes in financial assumptions	(23,471)	8,811	(146,398)	61,790
• Other (if applicable)	0	0	35,173	0
Past service cost	0	0	0	(3,199)
Losses/ (gains) on curtailment	(235)	0	0	0
Benefits Paid	2,477	2,448	27,672	33,264
Closing balance at 31st March	(124,805)	(123,284)	(1,016,308)	(982,911)

Local Government Pension Scheme assets comprised:

	Fair value of Scheme assets	
	2014/15	2015/16
	£'000	£'000
Cash and cash equivalents	695	397
Equity instruments	64,104	65,214
Bonds	19,385	18,252
Property	9,646	10,513
Total Assets	93,830	94,376

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 dependent on assumptions about mortality rates, salary levels etc.

Both the LGPS and Police Officer pension scheme liabilities have been estimated by Mercer Human Resource Consulting, an independent firm of actuaries, estimates for the LGPS Fund being based on the latest full valuation of the scheme as at 31 March 2016.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme		Police Pension Scheme	
	2014/15	2015/16	2014/15	2015/16
Mortality assumptions:				
Longevity at 65 (60 for police scheme) for current pensioners:				
• Men	23.3	23.4	27.2	27.6
• Women	25.8	25.9	29.7	30.2
Longevity at 65 (60 for police scheme) for future pensioners:				
• Men	25.5	25.7	29.7	30.3
• Women	28.1	28.2	32.2	32.5
Other assumptions:				
Rate of inflation	2.1%	2.0%	2.0%	2.0%
Rate of increase in salaries	3.6%	3.5%	3.5%	3.5%
Rate of increase in pensions	2.1%	2.0%	2.0%	2.0%
Rate for discounting scheme liabilities	3.4%	3.6%	3.3%	3.6%

The estimation of the defined benefit obligation is sensitive to actuarial assumptions set out in the table above.

The sensitivity analyses below have been determined based on reasonable 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 the previous period.

Local Government Police Scheme 2015/16	Impact on the defined benefit obligation in the scheme	
	Increase in assumption	Decrease in assumption
	£'000	£'000
Longevity (increase or decrease by 1 year)	2,296	
Rate of inflation (increase or decrease by 0.1%)	2,869	
Rate of increase in salaries (increase or decrease by 0.1%)	1,012	
Rate for discounting scheme liabilities (increase or decrease by 0.1%)		2,805
Police Pension Scheme 2015/16	Impact on the defined benefit obligation in the scheme	
	Increase in assumption	Decrease in assumption
	£'000	£'000
Longevity (increase or decrease by 1 year)	18,928	
Rate of inflation (increase or decrease by 0.1%)	20,191	
Rate of increase in salaries (increase or decrease by 0.1%)	5,191	
Rate for discounting scheme liabilities (increase or decrease by 0.1%)		19,752

Impact on the Group's Cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Group has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 3 years. The triennial valuation was completed on 31st March 2014 and details of the future employers' rates are shown below:

Year	Employer rate
2016/17	11.6%

43. Contingent Liabilities

The Chief Constable of Dyfed Powys, along with other Chief Constables and the Home Office, currently has 14 claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. The Tribunal is unlikely to consider the substance of the claims until 2017. Legal advice suggests that there is a strong defence against these claims. The quantum and who will bear the cost is also uncertain, if the claims are partially or fully successful and therefore at this stage it is not practicable to estimate the financial impact. For these reasons, no provision has been made in the 2015/16 Accounting Statements.

Police Officers who have accrued 30 years' service are entitled to opt out from the Pension Scheme. This only applies to officers who are members of the 1987 pension scheme. There is the potential that some officers may claim that they have overpaid pension contributions and as such, they might be entitled to make a claim. No claims have been submitted to date and it would be difficult to provide a reliable estimate for such costs at this point in time. We have estimated that there would be a maximum of 5 Dyfed-Powys Police Officers affected.

44. Nature and extent of risks arising from financial instruments

The Commissioner has adopted CIPFA's Revised Code of Practice on Treasury Management and complies with the Revised Prudential Code of Capital Finance for Local Authorities (both updated in November 2009).

As part of the adoption of the Treasury Management Code, the Commissioner approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Commissioner also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the Welsh Government's Investment Guidance for local authorities. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Commissioner's Treasury Management Strategy, together with his Treasury Management Practices are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

The main risks covered are:

- *Credit Risk*: The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Commissioner.
- *Liquidity Risk*: The possibility that the Commissioner might not have the cash available to make contracted payments on time.
- *Market Risk*: The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

Credit Risk

Investments

The Commissioner manages credit risk by ensuring that investments are placed with Banks and Building Societies having sufficiently high credit worthiness as set out in the Annual Investment Strategy. These include commercial entities with a high minimum long-term credit rating of A-, the UK Government, other Local Authorities, and organisations without credit ratings upon which the Commissioner has received independent investment advice.

A limit of £2m is placed on the amount of money that can be invested with a single counterparty (other than the UK government).

The Commissioners' maximum exposure to credit risk in relation to its investments in banks and building societies of £40m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Commissioner's deposits, but there was no evidence at the 31 March 2016 that this was likely to crystallise.

The table below summarises the nominal value of the Commissioner's investment portfolio at 31st March 2016, and confirms that all investments were made in line with the Commissioner's approved credit rating criteria:

Counterparty	Credit Rating Criteria Met When Investment Placed?	Credit Rating Criteria Met on 31 st March 2016?	Balance Invested as at 31 March 2016 £'000s				Total £'000
			Up to 1 month	> 1 month and < 3 months	> 3 months and < 6 months	> 6 months and < 12 months	
			£'000	£'000	£'000	£'000	
UK Banks	Y	Y	0	2,000	4,000	0	6,000
Foreign Banks	Y	Y	0	4,000	4,000	2,010	10,010
UK Building Societies	N/A	N/A	2,000	2,000	2,000	0	6,000
Bonds	Y	Y	0	0	0	6,156	6,156
DMO - T Bills	Y	Y	0	1,998	0	0	1,998
Local Authorities	N/A	N/A	6,000	0	0	0	6,000
Total			8,000	9,998	10,000	8,166	36,164

The above analysis shows that all deposits outstanding as at 31st March 2016 met the Commissioner's credit rating criteria on the 31st March 2016. The analysis excludes the estimated carrying value after impairment of the Commissioner's Icelandic Bank investment of £12k.

Trade Receivables

The following analysis summarises the Commissioners' potential maximum exposure credit risk, based on the experience gathered over the last five financial years on the level of default on trade debtors.

Only those receivables meeting the definition of a financial asset are included i.e. debtors that have arisen as a result of trading activities.

	31 st March 2015	31 st March 2016
Gross Debtors (£'000)	1,542	1,743
Bad Debt Provision as a % of Group Trade Debtors	7.26	6.25
Credit risk exposure	112	109

Liquidity Risk

The Commissioner has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Commissioner will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates.

The maturity analysis of financial liabilities is as follows:

31 st March 2015 £'000	Loans maturing within:	31 st March 2016 £'000
144	Under 1 Year	157
144	Total Current Borrowing	157
157	1 – 2 years	173
569	2 – 5 years	623
1,371	5 – 10 years	1,502
358	10 – 15 years	0
0	15 + years	0
2,455	Total Long Term Borrowing more than 12 months	2,298

All trade and other payables are due to be paid in less than one year.

Market Risk

Interest Rate Risk

The Commissioner is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at fixed rates – the fair value of the assets will fall.

Price Risk

The Commissioner does not invest in pooled funds or equity shares and therefore is not subject to any price risk (i.e. the risk that the Commissioner will suffer loss as a result of adverse movements in the price of financial instruments).

Foreign Exchange Risk

The Commissioner has no financial asset or liabilities denominated in a foreign currency. It therefore has no exposure to loss arising as a result of adverse movements in exchange rates.

45. Trust Funds

The aim of the Dyfed Powys Crime Prevention Trust is to promote for the public benefit in partnership with the police, the protection of people and property from, and the prevention of criminal acts, in particular by:

- Encouragement of greater public participation in the prevention and solution of crime; and
- Assisting in measures designed to reduce the level of crime; and
- The provision of education, information and practical assistance on crime prevention.

The Trust has been running the 'Bobby Van Scheme' which delivered increased security in vulnerable people's homes in the form of window locks, door chains and door viewers. Recognising the significant financial contribution made by Dyfed Powys Police, and at a time of diminishing financial resource, a review of the 'Bobby Van Scheme' was carried out to identify future service provision options and in 2014, a decision was made to bring the scheme to an end. The future of the Crime

Prevention Trust is currently under discussion and there is a likelihood that the Trust will be dissolved and will be replaced with an alternative charitable body..

The Trust is registered with the Charities Commission and a financial summary is included below:

Financial year end	Income	Spending	Net position
	£	£	£
31 st Mar 2015	(73,863)	82,491	8,628
31 st Mar 2014	(103,347)	96,955	(6,392)

It has been determined that the Commissioner does not have control of the Trust and it is not a subsidiary of the organisation.

Glossary of Terms

Term	Definition
2015/16	This refers to the period covered by these accounts - 1 April 2015 to 31 March 2016.
2014/15	This refers to the period covered for comparative purposes by these accounts – 1 April 2014 to 31 March 2015.
Accounting policies	These are a set of rules and codes of practice used when preparing the accounts.
Actuarial gains and losses	For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because: <ul style="list-style-type: none"> • Events have not coincided with the actuarial assumptions made in the last valuation ;or • The actuarial assumptions have changed.
Amortisation	Intangible assets should be amortised on a systematic basis over their economic lives.
Asset revaluation	A revaluation of fixed assets is a technique required to accurately record the true value of capital assets held in the balance sheet. The purpose of a revaluation is to bring into the accounts the fair market value of non-current assets.
Capital expenditure	Expenditure on the acquisition or construction of assets, which have a long-term value e.g. land and buildings.
Capital receipts	Income from the sale of non-current assets, which can only be used to finance new capital expenditure or repay outstanding debt on assets financed from loans. Usable capital receipts are those capital receipts which are not set aside for specific purposes but are available to be used for any capital purchases.
Carrying value	The carrying value of an asset is the value of the asset included in the Balance Sheet.
CIPFA	The Chartered Institute of Public Finance and Accountancy, one of the professional accountancy bodies in the UK. CIPFA specialises in the public services and has responsibility for setting accounting standards for these services.
Commissioning	The entire cycle of assessing the needs of people in a local area, designing services, and then securing them.
Component accounting	Accounting for non-current assets' individual components separately.
Consumer Price Index (CPI)	Official measure of the general level of inflation as reflected in the retail price of goods and services – excludes mortgage interest payments, council tax and other housing costs.
Contingent liabilities	These exist where: <ul style="list-style-type: none"> • a possible obligation arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control; or • a present obligation arises from past events but is not recognised because: <ol style="list-style-type: none"> i. it is not probable that a transfer of economic benefits will be required to settle the obligation, or ii. the amount of the obligation cannot be measured with sufficient reliability.
Corporate and democratic core costs	These represent the costs of delivering public accountability and representation in policy-making and meeting the Commissioner's statutory reporting obligations.

Term	Definition
Corporation sole	A corporation sole is a legal entity consisting of a single ("sole") incorporated office, occupied by a single ("sole") man or woman i.e. the Commissioner and Chief Constable are both corporations sole under the PRSRA.
Current assets	Current assets are items that can be readily converted into cash. By convention the items are ordered by reference to the ease that such conversion into cash can be carried out.
Current liabilities	Current liabilities are items that are due immediately or in the short – term.
Current service cost (Pensions)	The increase in the present value of a defined benefit scheme's liability expected to arise from employee service in the current period.
Curtailment	Changes in liabilities relating respectively to actions that relieve the employer of primary responsibility for a pension obligation (e.g. a group of employees being transferred to another scheme) or events that reduce the expected years of future service of employees or reduce the accrual of defined benefits over their future service for some employees (e.g. closing a business unit).
Defined benefit scheme	A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The schemes may be funded or unfunded.
Delegation	Is the partnership of authority and responsibility to another person to carry out specific activities. The person who delegated the work remains accountable for the outcome of the delegated work.
Depreciation	The measure of the cost or revalued amount of the benefits of the non-current asset that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a non-current asset whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.
Fair value	The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase of the asset.
Finance lease	A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.
Financial instrument	Any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A derivative financial instrument is a financial contract that derives its value from changes in underlying assets or indices.
Financial Liability	An obligation to transfer economic benefits controlled by the Commissioner and can be represented by a contractual obligation to deliver cash or financial assets, or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Commissioner.
Financial Asset	A right to future economic benefits controlled by the Council that is represented by cash or other instruments, or a contractual right to receive cash or another asset.
FRS	Financial Reporting Standards, as agreed by the UK accountancy profession and the Accounting Standards Board. These include Statements of Standard Accounting Practice (SSAPs).
Group accounts	The financial statements of the group i.e. the two corporations sole, presented as a single economic entity.

Term	Definition
Impairment	A reduction in the value of a non-current asset, below its carrying amount in the balance sheet.
Merger accounting	Merger accounting should be applied where there is a transfer of functions in full from the responsibility of one authority to another. Where merger accounting applies it is assumed that the merger took place at the beginning of the accounting period.
National Non Domestic Rates (NNDR)	The non-domestic rates, or business rates, collected by local councils are the means by which businesses and others who occupy non-domestic property make a contribution towards the cost of local services. The rates are pooled by central government and redistributed to local councils and Commissioner according to a formula.
Net book value	The amount at which non-current assets are included in the balance sheet i.e. their historical cost or current value less the cumulative amounts provided for depreciation.
Net Interest Cost (Pensions)	For a defined benefit scheme, this occurs during the period when the net defined benefit liability (asset) arises from the passage of time.
Non-current assets	These are items such as land, buildings, vehicles and major items of equipment, which give benefit over more than one year.
Past service cost	For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.
Police Reform and Social Responsibility Act (PRSRA)	An Act of the Parliament of the United Kingdom which transferred the control of police forces from police authorities to elected Police and Crime Commissioners.
Provisions	A provision is a liability of uncertain timing or amount. A provision is recognised if the following criteria are fulfilled: <ul style="list-style-type: none"> • an entity has a present obligation as a result of a past event; • it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; • a reliable estimate can be made of the amount of the obligation.
Prudential borrowing	Borrowing by local authorities without government financial support, but in accordance with the CIPFA prudential code of local authority borrowing.
PWLB	This is the Public Works Loan Board, which is an organisation financed by the Government. It lends money to Commissioners on set terms so that they can buy capital items.
Reserves	Balances that represent resources set aside for purposes such as general contingencies and cash flow management. Earmarked reserves are those set aside for specific policy purposes.
Retail Price Index (RPI)	Official measure of the general level of inflation as reflected in the retail price of a basket of goods and services, including mortgage costs, council tax and other household costs.
Revenue Budget	The estimate of annual income and expenditure requirements, which sets out the financial implications of policies and the basis of the annual precept to be levied on collection funds.
Revenue Support Grant (RSG)	A general government grant in support of local authority expenditure (including Commissioners) and fixed each year in relation to spending levels.
Senior Employee	An employee whose salary is more than £150,000 per year, or one whose salary is at least £60,000 per year (calculated pro rata for a part-time employee) and who is the designated head of paid service and a statutory chief officer. Typically the Commissioner's Chief Executive and statutory Chief Officers.
Single entity accounts	The individual accounts of each corporation sole.

