



COMISIYNYDD
HEDDLU A THROSEDDU
DYFED-POWYS
POLICE AND CRIME
COMMISSIONER



Heddlu•Police
DYFED-POWYS

Ynghyd â'r Gymanwng - Together for our Community

Police & Crime Commissioner for Dyfed Powys

*Statement of Accounts 2017/18
(Group Accounts)*

Contents

Narrative Report	3
Statement of Responsibilities	21
Annual Governance Statement	22
Auditor General for Wales' report to the Police and Crime Commissioner for Dyfed Powys	44
Expenditure and Funding Analysis	47
Comprehensive Income and Expenditure Statement.....	49
Movement In Reserves Statement	52
Balance Sheet	54
Cash Flow Statement	55
Police Pension Fund	56
Notes to the Accounts	57
1. Accounting policies	57
2. Previous period adjustments.....	63
3. Accounting standards that have been issued but have not yet been adopted.....	69
4. Critical judgements in applying accounting policies.....	70
5. Assumptions made about future and other major sources of estimation uncertainty.....	71
6. Material items of income and expense	72
7. Events after the Balance Sheet Date.....	72
8. Note to the Expenditure and Funding Analysis.....	73
9. Segmental Income	76
10. Expenditure and Income Analysed by Nature	77
11. Adjustments between Accounting Basis and Funding Basis under Regulations	77
12. Transfers to/from Earmarked Reserves.....	79
13. Other operating income and expenditure.....	79
14. Financing and Investment Income and expenditure	79
15. Taxation and non-specific grant incomes	80
16. Property, plant and equipment.....	81
17. Investment properties.....	84
18. Capital Commitments	85
19. Intangible assets	86
20. Long-Term Debtors.....	86
21. Financial Instruments.....	86
22. Inventories	90
23. Short-Term Debtors	90
24. Cash and Cash Equivalents.....	90
25. Assets held for sale	90
26. Short-Term Creditors.....	91
27. Provisions.....	91
28. Usable reserves.....	92

29.	<i>Unusable reserves</i>	94
30.	<i>Cash flow statement – operating activities</i>	98
31.	<i>Cash flow statement – investing activities</i>	98
32.	<i>Cash flow statement – financing activities</i>	99
33.	<i>Agency Services</i>	99
34.	<i>Collaborative Arrangements</i>	99
35.	<i>Officers' remuneration</i>	103
36.	<i>External audit costs</i>	108
37.	<i>Grant Income</i>	109
38.	<i>Related parties</i>	110
39.	<i>Capital expenditure and capital financing</i>	111
40.	<i>Leases</i>	111
41.	<i>Impairment losses</i>	113
42.	<i>Termination benefits</i>	113
43.	<i>Defined benefit pension schemes</i>	113
44.	<i>Contingent Liabilities</i>	118
45.	<i>Nature and extent of risks arising from financial instruments</i>	119
46.	<i>Trust Funds</i>	122
Glossary of Terms		123

Narrative Report

1.0 Introduction

- 1.1 This narrative report aims to provide information on the most significant matters reported within the Group accounts for the services provided by the Police and Crime Commissioner (Commissioner) and Chief Constable of Dyfed Powys along with providing some wider organisational context.
- 1.2 The Police Reform and Social Responsibility Act 2011 created two corporations sole within each police force area: the Commissioner and Chief Constable. Each individual has clear and separate statutory remit. The Commissioner is publicly elected and therefore, represents the public's voice on policing matter. Mr Dafydd Llywelyn was elected as Commissioner in May 2016. Mr Mark Collins was appointed by the Commissioner to the position of Chief Constable in December 2016.
- 1.3 The report will detail the main objectives and strategies, and principle risks that the Commissioner and Chief Constable of Dyfed Powys face. It will provide a commentary on how resources have been used to achieve desired outcomes in line with these objectives and strategies.
- 1.4 It aims to provide a fair, balanced and understandable analysis of performance; financial and operational, which can be used to provide a context through which the financial information included in these financial statements can be better understood by the reader.
- 1.5 The narrative report will focus on the following areas:
- Organisational Overview and External Environment
 - Governance and Operational Performance
 - Organisational Model
 - Financial Performance
 - Risks, opportunities and the Medium Term Financial Outlook
 - Basis of preparation and presentation

2.0 Organisational Overview and External Environment

- 2.1 The force area is the largest in England and Wales. Dyfed Powys spans four County areas - Carmarthenshire, Ceredigion, Pembrokeshire and Powys. It is a vast area of Mid and West Wales that covers over one million hectares of mainly agricultural land, with large mountainous regions and many remote rural communities. It also spans more than 350 miles of coastline, and stretches from St David's in the south west to Crickhowell in the south east, and up to Welshpool and Machynlleth in the north. In addition to this, there are two significant sea ports and major energy installations at Milford Haven, presenting further challenges in narrowing down potential criminal pathways. The increase in population in tourist destinations brings its own implications for crime, anti-social behaviour and roads policing.



The area is home to more than 515,000 people, which rises significantly with tourists each year. Almost half of the total resident population are aged 45 or over, with 22% of the population being over 65. 32% of our communities can speak Welsh; 43.9% in Carmarthenshire, 47.4% in Ceredigion, 19.3% in Pembrokeshire and 18.6% in Powys.

- 2.2 Modern day policing is complex and work is evolving quickly to respond to new risks, threats and changes in technology all of which require new ways of working. Police officers and staff are called upon to deal with a wide variety of important issues affecting the public.

Antisocial Behaviour	Fraud	Property crime
Brexit	Governance	Resources
CCTV	Justice	Roads policing
Children and young people	Mental health	Sexual crime
Crime investigation	Modern Day Slavery	Specialist capabilities
Cyber crime	Neighbourhood policing	Stop and search
Digital technology	Organised Crime	Terrorism
Domestic abuse	Police Effectiveness	Violent crime
Drugs and alcohol	Police legitimacy	Workforce
Firearms	999 Response	Youth and Policing

- 2.3 Policing is a non-devolved service in terms of the Welsh Government, however much of the work that is undertaken across the four County areas is rightly done in partnership with Local Authorities, Fire Authorities, Local Health Boards and many other partners including the third sector. In addition a number of important services such as Armed Response and responding to the threat of Organised Crime and terrorism are carried out in collaboration with other Forces.

- 2.4 Dyfed Powys Police contributes to national policing and the Force's officers and staff have assisted with a number of high profile policing events and incidents during the year including;

- policing of the Champions League Final in Cardiff,
- providing support following the Manchester Arena and the Parsons Green bomb attacks and supporting increased levels of armed patrol in response to the raised terror threat as a consequence of these events,

- the counter terrorism incident in Salisbury,
 - the natural disaster in the British Virgin Islands.
- 2.5 More locally, the Force had a number of significant planned and unplanned operations and events during the year including:
- the tragic fire in Llangammarch Wells (Operation Heath) for which the Force needed specialist assistance from other Forces,
 - "Operation Ulysses" which resulted in 28 defendants being sentenced to over 193 years in prison between them for offences in relation to the supply and distribution of class A drugs,
 - a number of other tragic incidents which brought significant operational challenges and extraordinary resourcing requirements,
 - escorts for major wind farm developments across the force area,
 - increased deployments as a result of the increased threat of terror.
- 2.6 The Force has been subject to regular inspections by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) and has made significant progress in response to inspections during the year - with the effectiveness and legitimacy elements of the PEEL inspection process being graded "good" for the first time ever as a result.
- 3.0 Governance and Operational Performance**
- 3.1 The Governance arrangements by which the Commissioner and Chief Constable operate are complex and subject to regular review. An Annual Governance Statement is included as part of these Financial Statements and this details the arrangements in place for delivering robust scrutiny and accountability by the Commissioner and Chief Constable.
- 3.2 The Commissioner and Chief Constable each have a clear and separate statutory remit. The operational independence of the Chief Constable is protected in legislation. He has a statutory responsibility for the control, direction and delivery of operational policing services provided by the Force. The Chief Constable is accountable in law for the exercise of police powers and to the Commissioner for the delivery of efficient and effective policing, management of resources and force expenditure. The Chief Constable holds Office under the Crown and is responsible for maintaining the Queen's Peace.
- 3.3 The Police and Crime Commissioner is statutorily responsible for securing an efficient and effective police force and holding the Chief Constable to account for the exercise of his functions. The Commissioner is responsible for setting the annual police budget (including precept level) and ensuring that public money is accounted for and that it is used economically, efficiently and effectively.
- 3.4 The Commissioner is responsible for setting the strategic priorities for the Force through the production of the Police and Crime Plan, ensuring business is conducted in accordance with the law and that proper standards are achieved and maintained.
- 3.5 The Commissioner's Police and Crime Plan is an important document that sets out four priorities and five key delivery principles namely:

Priorities	Delivery Principles
Keeping Communities Safe	Delivering Value for Money
Safeguarding the Vulnerable	Public Engagement
Protecting our communities	Working Together
Connecting with communities	Supporting Victims
	Equality and Fairness

3.6 The Commissioner and Chief Constable have established a solid and professional relationship between the two functions but have a single vision of improving Dyfed-Powys Police and the service it provides to the public.

3.7 The Commissioner funded a range of services during 2017/18 to underpin the priorities outlined in his Police and Crime Plan:

- A free, new victim and witness service to offer help and support to victims and families of crime. Goleudy offers an 'in house' single point of contact throughout the whole victim journey from first reporting the incident to the Police, throughout the investigation and criminal justice process and beyond.
- Investment continued in services to reduce the impact of anti-social behaviour such as verbal harassment, noise and vandalism. Over 450 referrals were received by Gwalia during 2017/18, of which 324 were for enforcement activity, 121 were for support and 21 requested mediation.
- The Commissioner worked closely with partner agencies to improve the response to domestic abuse and commissioned services through Hafan Cymru. The service aims to reduce risk and increase the safety of those experiencing or at risk of domestic abuse, working to ensure that victims are supported through the entire criminal justice system. During 2017/18, 801 client referrals were made.
- The Commissioner continued to work with partner agencies to improve the response to support victims of sexual abuse. New Pathways continued to provide a crisis support service which works closely with the police to provide forensic medical examinations and supports victims and witnesses through the complexity of the criminal justice process. The service received 356 referrals during the year, 77% of clients in 2017/18 reported feeling less depressed after receiving treatment, with 83% feeling that they were better able to cope.
- The Wales Community Rehabilitation Company is commissioned to provide a victim-led restorative justice service. A Restorative Justice intervention is a process where the victim and the offender collectively resolve how to deal with the aftermath of an offence.
- The Commissioner continued to commission services through Llamau providing independent debriefing and mediation service for children and young people who have been reported as missing and are at risk of sexual exploitation. In 2017/18, Llamau undertook 340 debrief sessions with young people and their families.

- The custody triage scheme is a culture-changing initiative that seeks to tackle the root cause of offending. It recognises that people are often motivated to commit crime due to underlying issues in their lives – be it drug or alcohol misuse, mental and physical health issues, housing or homelessness, or problems to do with money or relationships. The Women's Pathfinder Project focussed on Pembrokeshire during 2017/18 with the pilot scheme being widened from April 2018 to include all sections of the community.

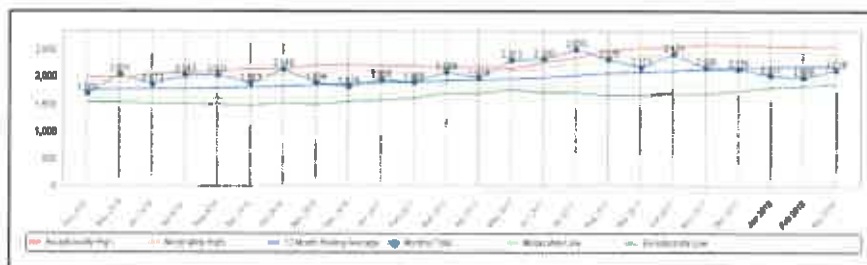
3.8 The Chief Constable is responsible for supporting the Commissioner in the delivery of the priorities set out in the Police and Crime Plan. His operational delivery, performance monitoring frameworks and financing decisions focus on these priorities. Progress against the plan is reported quarterly at the Policing Accountability Board; a public meeting where the Police and Crime Commissioner holds Chief Constable and his senior team to account. The January 2018 agenda includes the latest Performance Report which can be obtained on website as follows:

<http://www.dyfedpowys-pcc.org.uk/en/accountability/policing-accountability-board/>

3.9 It can be seen that there are a number of volume and output metrics that are monitored as part of the assurance and governance arrangements. This analysis provides indicators of progress and performance against the priorities within the Police & Crime Plan. Furthermore, there is a key focus on improvement. All performance is monitored and scrutinised through the appropriate Boards within the Governance structure. A summary of the key operational information is shown below:

a. Crime Volume

The following chart shows the monthly levels of total recorded crime in Dyfed-Powys:



The data suggests that over time;

- crime volume is slowly increasing
- the increase largely follows the national trend.

A number of contributing factors, such as a continued effort to accurately record crime, population increase, identification of new crime types, and changes in the basis of national crime recording may also be contributing to this increase.

The top 3 crime categories recorded and dealt with by the Force are:

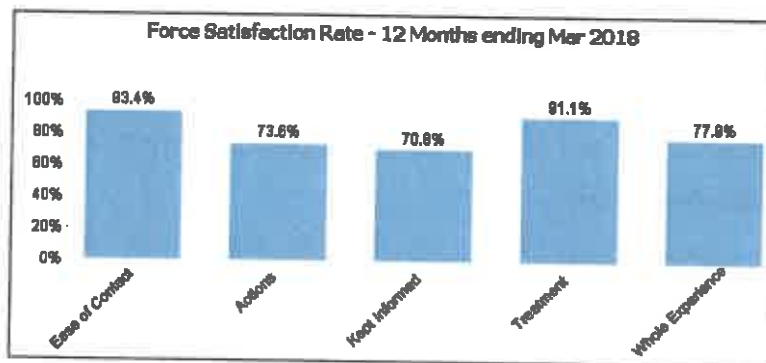
- Violence Against the Person (35%),
- Theft (20%), and
- Arson & criminal damage (16%)

b. Crime Outcomes

On average for the year ending March 2018, 59% of crimes were assigned an outcome (finalised) within 30 days of it being reported. The volume of crimes assigned an outcome within 30 days depends highly on both the type, and nature of the crime. Crimes of greater complexity, such as sexual and robbery offences (38% and 49%, respectively) are likely to take longer to assign an outcome, than crimes that are generally considered less complex, such as criminal damage and drug offences (72% and 73%, respectively).

c. Victim satisfaction

857 telephone interviews were conducted in 2017/18 to identify how satisfied victims of crime and anti-social behaviour were with policing services received. The graph below focuses on five aspects of our victims' journey.



Lower satisfaction rates with being kept informed appear to influence an individual's whole experience satisfaction rate. Consideration is being given to implementing measures to address this feedback, thereby improving victim experience.

d. 999 Calls

In 2017/18:

- 99.6% of all '999' calls (35,323 received) were answered within the national target of 10 seconds.
- The average '999' answer call time was 5 seconds.
- Due to the increase in demand, a slightly slower average speed of answer is noted. However, timescales are still within the target time set.

e. Non-Emergency - 101 Calls

In 2017/18:

- 95.5% of all '101' calls (262,521 received) were answered within the national target of 45 seconds
- The average '101' call answer time was 19 seconds.
- Due to the increase in demand, a slightly slower average speed of answer is noted. However, timescales are still within the target time set.

f. Response times to Priority Calls for Service

We expect police to arrive at 90% of immediate and priority calls for service within 20 minutes. All divisions except Ceredigion are generally meeting this. A deterioration in achievement of this target has been experienced within the County of Ceredigion in recent months. However this deterioration is somewhat

expected given its challenging and vast geography. This matter continues to be reviewed.

3.10 With a new Police Chief Officer Group in place, the Commissioner and Chief Constable have worked hard together to overcome continued challenges with good progress being made. A focus on public engagement and working together to safeguard the vulnerable has resulted in shift in focus, to what has now recognised nationally as exceptional victim care.

3.11 The Force has made considerable progress in many of the delivery principles underpinned by the Police and Crime Plan. The Force has the lowest level of recorded crime and public trust and confidence remains high. Although it is recognised that the landscape of policing is forever changing, and there is still much work ahead, the positive strides are reflected in the most recent HMICFRS Report '*PEEL – Police Effectiveness 2017*'. The report makes reference to the fact that Dyfed-Powys Police have invested in victim care units and states that '*The Goleudy Victim and Witness Service provides personalised, practical and emotional support to individuals at all stages of the criminal justice system.*'

4.0 The Organisational Model

4.1 The Force is organised on both a geographic and functional basis. The Chief Constable is supported by a Chief Officer Team which comprises the Deputy Chief Constable and an Assistant Chief Constable. During the year the Force has restructured, with the previous three Director positions reducing to one Director of Finance position and responsibilities of the former Director of Legal and Compliance and Director of Resources have been re-allocated amongst the three remaining positions. The main responsibilities of the three positions supporting the Chief Constable are shown in the Table below:

Deputy Chief Constable	Assistant Chief Constable	Director of Finance
People's Services	Local Policing	Corporate Finance
Legal Department	Investigations	Fleet
Information Management	Specialist Response	Procurement
Collaboration and Efficiency	Contact Centre	Information Systems and Technology
Corporate Communications	Scientific Support	Business Support Unit
Ill Health Retirements	Criminal Justice	
Major Operations	Partnerships	
Health and Safety		
Professional Standards		

4.2 The Force had a budgeted establishment of 1,187 police officers 148 Police Community Support Officers and 650 police staff. A breakdown of the distribution of staffing is shown in the Table below:

Breakdown of Budgeted Positions - 2017-18

	Police Officers	PCSO's	Police Staff
	FTE	FTE	FTE
Local Policing	596	148	9
Investigations	302	0	149
Operations Support (Including Call Handling)	179	0	160
Criminal Justice	3	0	44
Scientific Support	0	0	21
Professional Standards	10	0	11
Other Headings Including Business Support	24	0	234
Seconded and Self Funded Areas	73	0	23
Total	1,187	148	650

- 4.3 Recruitment intakes have been carefully planned and managed during the year to ensure optimal resourcing levels, availability of specialist skills and to allow the proportionate geographical distribution of staff. This has necessitated the recruitment of transferees and to a number of specialist police staff positions (e.g. in relation to cyber-crime) during the year in response to changes in demand.
- 4.4 The Commissioner has an Office which supports him to deliver his statutory responsibilities as set out in The Policing Protocol Order 2011. In addition to the statutory roles of Monitoring Officer and Chief Finance Officer, the Commissioner has a team of professionals to advise on matters relating to estates, finance, policy, performance, engagement and partnerships. In 2017/18 a review of the Office of the Police and Crime Commissioner (OPCC) was undertaken, taking into consideration the statutory responsibilities of the Police and Crime Commissioner, alongside his Police and Crime Plan 2017-2021, to ensure that the structure aligns with the needs and expectations of the Commissioner.
- 4.5 Upon transference of the estates function from the Force to the OPCC in April 2017 a review of the efficiency of the estates operation was instigated which would give consideration to staffing requirements. The findings informed a review of the overall structure of the OPCC which sought to bring the two areas together to provide a greater level of resilience particularly in relation to performance management and business support.
- 4.6 The new OPCC structure has a budgeted establishment of 41.1 FTE at a cost of £1,500,000. This is an increase in staffing from 38.5 FTE and includes a greater investment in the areas of compliance / performance management and finance. Part of the increase in cost is attributable to pay inflation and the progression of staff through the pay scales.
- 5.0 Financial Performance**
- 5.1 The Group Statement of Accounts shows the financial performance of the Group and has been prepared on the basis of proper accounting practice which meets the requirements of the Chartered Institute of Public Finance & Accountancy's Code of Practice. This differs slightly from the budgets that are managed and monitored on a day to day basis as these excludes some elements such as depreciation and movements on pension liabilities which under statute do not need to be financed fully in the year.
- 5.2 The cost of services within the Comprehensive Income and Expenditure Statement shows that £139.8 million has been spent on providing policing

services to the public of Dyfed Powys Police in 2017/18. This is around £17.8 million more than the comparable figure spent in the prior financial year. Of this increase - some £14.4 million is attributable to changes in current service pension costs.

- 5.3 The Statement provides an analysis across the main service components and reflects organisational structural change with the prior year being restated for comparative purposes. For example, it can be seen that the largest element was spent on Local Policing which accounted for £64.0 million of the total in 2017/18.
- 5.4 The Balance Sheet provides a snap shot of the Commissioner's assets and liabilities as at 31st March 2018.
- 5.5 The Group Balance Sheet is dominated by the long term liability of £1,182 million that exists in respect of future pension liabilities for police officers and staff. This represents the amount that would need to set aside at the balance sheet date to cover future payments of pensions of all current serving and retired officers and staff. This figure has been calculated independently on an actuarial basis and takes account of future salary levels, inflation, mortality rates etc. This has fallen by £130 million during the year predominantly due to changes in financial and demographic assumptions. All current and future police (but not staff) pension costs will be paid for by the Government.
- 5.6 The next largest item on the Balance Sheet is the £73.9 million of property, plant & equipment owned by the Commissioner. In addition to these the long term assets, the Commissioner held £26.7 million of short term assets, predominately short term investments. Details of the Balance Sheet items are shown in the notes to the accounts.

Financial Performance and Variance Analysis 2017/18

- 5.7 A total net budget of £96.616 million was originally set by Commissioner for the year 2017/18 which incorporated a Council Tax increase of 6.9% at Band D and which relied upon the use of £1.991 million from reserves to support current spending. Of the total budget £93.460 million was set as the budget for the Chief Constable.
- 5.8 This incorporated a 1% pay award assumption and an assumed 1% increase in general inflation on non-pay costs. This assumption proved to be challenging with the subsequent ending of the 1% pay cap during the year along with an inflation level that peaked at over 3% being experienced partly due to the unexpected Brexit vote outcome.
- 5.9 The budget also reflected a transfer of the Estates Budget of £3.170 million due to responsibility for this function transferring from the Force to the Office of the Police and Crime Commissioner early in the financial year.
- 5.10 Within this baseline spending level, cost reductions of £1.2 million were already identified; roughly half of which were to be delivered in 2017/18 against staffing budgets through modernising workforce structures and reducing supervisory functions; with the remainder being delivered through significant reductions in non-pay spending delivered through procurement and other cost reduction initiatives.
- 5.11 The following table sets out the final out-turn position for 2017/18 and compares this to the original budget. A revised budget is also shown in this variation statement that reflects additional budgets and movements approved during the year. Variations are processed during the year to ensure that the budget is

updated on a timely basis. The main changes to the budget referred to below were considered at the Policing Board meeting of the 18th December 2017 and these were reflected in the budget submissions presented to the Police and Crime Panel in January 2018 in respect of the 2018/19 reserves position.

5.12 It can be seen that a net increase in the Force budget of £842K was approved in the year for the Chief Constable. This reflected the Commissioner's decision to:

- fund the additional costs of Operation Heath from earmarked reserves estimated to be £600K. Operation Heath was the operational name given to the response and investigation of a fatal fire that occurred at Llangammarch Wells, Powys on 30th October 2017. This catastrophic fire resulted in the deaths of a father and 5 of his children. A Disaster Victim Identification (DVI) process was instigated which involved staff from Dyfed Powys, South Wales and Gwent Police Forces. The subsequent scene investigation and body recovery process lasted for a period of 6 weeks. The costs of this operation were below the 1% threshold for assistance in relation to central funding. The police investigation into the cause of the fire continues and an inquest is pending;
- fund the 1% un-consolidated pay award for officers and staff from general reserves that resulted from the foreseen lifting of the Government's 1% public sector pay cap, estimated at £448K;
- transfer £390K funding from the Force to the Commissioner to meet increased costs of National Non Domestic Rates and other accommodation costs during the year;
- fund additional initiatives of £132K from ring fenced funds as follows:

• Commissioners Fund payments	£55k
• Proceeds of Crime Act	£39k
• Collaborative Reserves	£35k
• Cadet Scheme (grant carried forward)	£2k
• Masters Programme	£1k

5.13 These were cost pressures that were not included in the Force's original budget and could not be contained without a detrimental impact on recruitment and performance.

Variation Statement	Original Budget	Revised Budget	Actual	Variance (Negative for Saving)
Budget Holder	£'000	£'000	£'000	£'000
Police and Crime Commissioner				
Office and Commissioning Costs	1,977	1,975	1,725	-250
Estates Costs	3,170	3,481	3,691	+210
Total Commissioner Revenue Budget Costs	5,147	5,456	5,416	-40
Other Activities				
Initiatives Funded From Reserves	0	0	63	+63
Driver Retraining Income	0	0	-170	-170
Estates Activities funded from Reserves	0	286	243	-43
Total Other Activities	0	286	136	-150
Chief Constable				
Budgets Managed Centrally				
Chief Constable's Office	1,289	1,288	1,278	-10
Corporate Budgets	2,143	2,713	1,851	-862
Externally Funded National / Regional / Local Services	0	0	10	+10
Staff Associations	193	193	218	+25
Deputy Chief Constable				
People's Services	2,419	2,404	2,507	+103
Legal, Information, Efficiency, Health and Safety	2,782	2,925	3,231	+306
Retirements, Major Operations & Corporate Communications	1,245	1,845	1,709	-136
Professional Standards	1,066	1,066	1,193	+127
Assistant Chief Constable				
Local Policing	48,166	47,876	49,086	+1,210
Investigations	23,622	23,599	23,481	-118
Scientific Support	1,742	1,742	1,505	-237
Criminal Justice	1,186	1,185	999	-186
Director of Finance				
Information Systems and Technology	4,249	4,269	4,134	-135
Business Support Unit	1,856	1,821	1,905	+84
Fleet Costs	928	803	864	+61
Finance and Procurement	574	573	602	+29
Total Budget – Force	93,460	94,302	94,573	+271
Revenue Reserves	-1,991	-3,428	-3,509	-81
Total Budget	96,616	96,616	96,616	0

5.14 The final outturn positions highlighted within the Variation Statement above demonstrate that the Commissioner's budgets were £40K under budget in total. Significant savings of £250K arose within the Office and Commissioning budgets as a result of: staff vacancies during the year of £41K, lower than

anticipated commissioning costs and grants of £100K and savings of against non-pay costs including travelling, legal expenses and audit costs of £109K.

- 5.15 Estates costs were some £210k above budget predominantly against as a result of additional pressures in relation to buildings maintenance of £69K, rental costs £91K and £64K against other non-pay headings
- 5.16 The Variation Statement above shows that the Chief Constable costs were £271K above the revised budget for the year. An explanation of the main reasons for the more material variances in budget for 2017/18 is provided below:
- i. Chief Constable's Office: In total, an under spend of £10K was achieved against the Chief Constable's Office budget predominantly due to savings achieved against Police Staff headings related to the reduction in Director positions.
 - ii. Corporate Budgets: Savings of £259K had been achieved against capital charges and additional income of £435K was received in respect of Wind Farm Escort and other centrally controlled income headings. Additional income was received in respect of the Regional Organised Crime Units which reduced net spending by £221K against the revised budget which was added to an earmarked reserve. Additional overtime costs of £53K were incurred providing additional patrols following the raising of the UK threat level to critical following the Manchester and London bombings.
 - iii. Externally Funded National / Regional / Local Services: A net overspend of £10K was experienced predominantly against Grants received for National Security functions in the Ports and at Critical National Infrastructure sites.
 - iv. Staff Association: Increase of an additional temporary Police Federation representative from October onwards compared to the establishment at the point of setting the original budget due to an extended officer handover period being applied.
 - v. People's Services: Additional payments of £103K were made mainly in respect of additional transferee relocation and training. This was a policy that has been ratified early in the year funded from additional receipts in an attempt to attract additional investigative staff to work in the area.
 - vi. Legal, Information, Efficiency, Health and Safety: The Force incurred some additional temporary officer and staff costs and was over budget by £240K in respect of legal costs for the year. Insurance costs and other headings were also above budget by some £66K.
 - vii. Retirements, Major Operations & Corporate Communications: The Force saved £254K against the ill health retirement /pension cost budgets however incurred additional mutual aid costs in respect of Operation Heath which came in at £798K in total £198K higher than the revised budget set aside. This was offset by a net saving of £104K against other central major operations but an increase of £24K against corporate communication costs.
 - viii. Professional Standards: The cost increases in this heading relate to officers £84K and staff costs £43K in response to the vetting backlog and from the supervisory restructure of Legal and Compliance functions implemented during the year.

- ix. **Operational Budgets Managed by the Assistant Chief Constable:** The Force incurred a significant additional spending against overtime / bank holiday of £711K in the year against the budget as a result of numerous investigations, incidents and unavoidable operational demands. This additional spending was offset by additional Income received compared to the budget but reported under Corporate Budgets. Pay budgets were £214k over which reflects the additional implications of the 1% unconsolidated pay award. Non pay costs were some £10K above budget. Within the individual headings, overspends against Local Policing were mitigated by savings against Investigations, Criminal Justice, Scientific Support and Corporate Budget headings.
- x. **Finance Directorate:** This Directorate encompasses the Corporate Finance, Fleet, ICT, Business Support and Procurement Departments of the Force. Additional staffing costs of £173K were agreed during the year to progress ICT project work which was offset by significant savings against ICT non-pay areas leaving a net saving of £135K. Additional staffing on recuperative duties was posted to the Business Support to address backlogs in the administration of firearms licencing. This contributed to the overspend of £84K against this heading. Fleet and Finance/ Procurement headings were over budget by £61K for Accident Repairs and Servicing and £29K for temporary additional collaborative procurement staff respectively.

5.17 The final revenue outturn position required a transfer from reserves of £3.509 million in 2017/18 compared to the original budget of £1.991 million as shown in the following table:

Revenue Reserves Movements	Original Budget £'000	Revised Budget £'000	Final Outturn £'000
Original contribution to support Medium Term Financial Plan	1,991	1,991	1,991
Critical Incident – Operation Heath	0	600	798
Unconsolidated Pay Award	0	448	468
Sub Total	1,991	3,039	3,257
Speed Awareness Income			-170
Collaboration Reserve			-217
Other Ring-fenced Reserves		103	96
Force Overspend			271
Revenue spending relating to capital schemes		286	312
Commissioners Underspend			-40
TOTAL	1,991	3,428	3,509

5.18 In relation to capital schemes and expenditure, a sum of £4.360 million will be transferred from reserves and grants held for the year which is lower than planned due to slippage with capital schemes . Details are shown in the table on the following page:

Capital Expenditure	Original Budget £'000	Revised Budget £'000	Actual £'000	Over / (Under) £'000	Reason for Over / Underspend
Land and Buildings	5,790	1,916	1,798	-118	A programme to refurbish existing Police Stations is underway and progressing with some delays.
Vehicles	972	988	1,122	134	Unplanned replacement of vehicles which were involved in collisions and additional vehicle sales.
IT and Other Strategic Projects	2,459	2,331	1,761	-570	Some projects have not progressed as much as quickly anticipated e.g. CCTV, IP999 upgrade (£110k) and ESN project (£100k)
Total	9,221	5,235	4,681	-554	
Financing	Original Budget £'000	Revised Budget £'000	Actual £'000	Over / (Under) £'000	Reason for Over / Underspend
Capital Receipts	1,500	141	237	96	Asset sales higher than originally forecasted. Reductions in spending required and additional receipts meant that minimal Direct Revenue Financing was needed in 2017/18.
Direct Revenue Financing	300	300	16	-284	Some grants were utilised which were not included in original budget.
NPAS Capital Credit	68	68	68	0	Due to delays in capital programmes, it was not necessary to utilise reserves to the extent predicted when the budget was set.
Capital Reserves	7,036	4,409	3,914	-495	Some grants were utilised which were not included in original budget.
Capital Grant and Contributions	317	317	446	129	
Total	9,221	5,235	4,681	-554	

5.19 The final reserves position for the Commissioner shows a figure of £20.480 million held as at 31st March 2018 which incorporates a sum of £12.392 million to support future capital budget commitments, a general reserve of £4.032 million for unforeseen events and a sum of £4.056 million that is required to fund predicted future MTFP revenue contributions and deficits. This includes a balance of £1.480 million which is held on behalf of the road safety partnership "Go Safe".

6 Risks, Opportunities and the Medium Term Financial Outlook.

6.1 Risks are managed at all levels of the organisations through the Governance Structure and a Corporate Risk Register is used to record, manage and mitigate the main risks which could affect the delivery of Police and Crime Plan outcomes. The Risk Register is a live document which is updated at least weekly. The main risks that have features during 2017/18 include:

- Operational Issues including medical examinations and contractual issues
- Crime recording – Crime Data integrity
- Information Management and Records
- Health and Safety
- Financial resilience and management.

6.2 The Risk Register is monitored regularly in order to ensure that risks are allocated an owner responsible for applying appropriate mitigations. Further details in relation risk management are included in the Annual Governance Statement which is included as part of this document.

6.3 In terms of the Medium Term Financial Outlook, Dyfed Powys Police has faced significant financial challenges since 2010 due to reductions in funding from central government along with cost pressures and continual changes in the

demand for policing services. The Government have indicated that a Comprehensive Spending Review may be conducted next summer, the implications of which remain to be seen. The position on the Formula Funding Review is also uncertain however it is understood that the Home Office may look to implement changes to formula from 2020 onwards. The impact of the last unimplemented review would have resulted in £8M less for Dyfed Powys.

- 6.4 The financial settlement that was published in December 2017 indicated that a broadly flat-cash government settlement was to be expected for 2018/19 and 2019/20.
- 6.5 The Commissioner set a precept level of £224.56 (+5% or a £10.69 increase) for 2018/19 within the overall Medium Term Financial Plan 2018/19 – 2023/24 which was unanimously agreed by the Police and Crime Panel. This was following a rigorous process of scrutiny and deliberations over financial assumptions, risks and investment priorities which included a number of seminars and presentations to the Commissioner, his staff, the Force Executive Board, Wales Audit Office representatives, Joint Audit Committee, Police and Crime Panel Members and Constituent Local Authority representatives by Chief Constable and Director of Finance. The Medium Term Financial Plan is shown at:
<http://www.dyfedpowys-pcc.org.uk/media/5602/1819-precept-report-for-panel.pdf>
- 6.6 The Medium Term Financial Plan predicts a 20% real-terms reduction in Grant from 2021 onwards with uncertainty surrounding post-Brexit settlements and formula funding decisions being reflected in this. The Commissioner has included an assumption of a continued 5% increase in precept which would take the Council Tax at Band D from £224.56 in 2018/19 to £286.60 by the end of 2023/24. Council Tax levels in the Dyfed Powys Police area are currently the lowest in Wales.
- 6.7 The Plan incorporates an assumption of 2% growth in pay and inflationary pressures from 2019 onwards and has modelled known growth and cost increase pressures and potential loss of specific grants. In addition, a reduction in the annual contribution from reserves of £2.24 million and an increase in contribution to capital financing and charges of £3.483 million in support of the forward Capital Programme have been included. Further additional spending of £2.9 million on resources needed to meet predicted future demand changes over the period on of the Plan have also been included based upon investment bids and priorities captured and prioritised by Chief Officers as part of the 2018/19 budget process as well as those priority investment areas identified and included within the new Force Management Statement.
- 6.8 The Force has undertaken some significant work during 2017/18 to identify efficiency measures. It has a cost reduction plan which is aiming to capitalise on national, regional and local collaborative ventures. In addition this plan assumes a significant reshaping of the workforce and cost base as a result of priorities, likely current and future demand and a collaboration savings plan which has enabled the Commissioner and Force to set a balanced and funded Medium Term Financial position for both revenue and capital.

MEDIUM TERM FINANCIAL PLAN – REVENUE	18-19	19-20	20-21	21-22	22-23	23-24
	£M	£M	£M	£M	£M	£M
Central and Local Funding						
Predicted Central Funding	-49.3	-49.3	-49.3	-57.3	-45.4	-43.8
Local Precept	-49.8	-52.7	-55.8	-59.0	-62.5	-68.1
Total Funding	-99.1	-102.0	-105.1	-106.4	-107.9	-109.7
Revenue Spending						
Predicted Spending before Efficiencies	101.0	104.4	108.7	112.5	116.0	119.4
Efficiencies delivered for 18-19	-1.9	0	0	0	0	0
Cumulative Annual Deficit	0	2.4	3.7	6.2	8.1	9.7
Future Cost Reduction Plan						
Procurement and Non Pay		-1.6	-0.7	-0.7	-0.6	-0.6
Collaboration Plan		-0.4	-0.5	-0.5	-0.4	-0.2
Demand & Productivity Plan		-0.4	-0.1	-1.3	-0.9	-0.8
Annual Cost Reductions		-2.4	-1.3	-2.5	-1.9	-1.6
Cumulative Annual Reductions		-2.4	-3.7	-6.2	-8.1	-9.7
Anticipated Revenue Deficit		0.0	0.0	0.0	0.0	0.0

- 6.9 The Commissioner set a capital programme for 2018/19 to 2023/24 of £36.153 million which includes investment in Estates, Fleet and ICT infrastructure. This investment has been prioritised towards strategic priorities, unavoidable spending, areas that reduce future revenue expenditure and recognises the need to be adequately equipped to face the changing demands of 21st century policing.
- 6.10 There has been a significant reduction in core capital funding allocated by the Home office over recent years. In 2018/19 a total capital grant of £318K will be available for the Commissioner. In addition, central funding will be available to part fund the major communication programme, although £2.5million of the future costs will fall on the Commissioner to fund.
- 6.11 In order to meet future capital investment requirements and mitigate the reductions in capital grant funding, the medium term financial plan and capital programme include revenue contributions to capital from 2019/20 and also includes external borrowing requirements to support the major estates developments. The Commissioner considers his Capital Strategy annually and also assesses his borrowing requirements annually to ensure they are prudent, sustainable and affordable. These documents are shown at:

<http://www.dyfedpowys-pcc.org.uk/media/5386/capital-strategy-amended-ed.pdf>

<http://www.dyfedpowys-pcc.org.uk/media/5382/treasury-management-strategy.pdf>

- 6.12 The Commissioner considers and publishes an annual reserves strategy which underpins the Medium Term Financial Plan and its assessment of risk exposure and mitigation measures. The Reserves strategy considers the adequacy of general reserves and takes account of the strategic, operational and financial risks facing Dyfed Powys. The financial impacts of Operation Heath, the 1% un-consolidated pay award together with the overspend position on the Force's budget in the 2017/18 financial year serve to reaffirm the need to maintain reserves at a sustainable level and the Force and Commissioner will be re-evaluating the Medium Term Financial position during the 2018/19 financial year to ensure that reserves are adequate and not over committed. These considerations will also take cognisance of newly published Home Office guidance on Police Reserves. The Reserves Strategy is shown at:

<http://www.dyfedpowys-pcc.org.uk/media/5385/reserves-and-balances-policy-1819.pdf>

- 6.13 In June 2018, the Force has submitted a comprehensive Force Management Statement to "Her Majesty's Inspectorate of Constabularies and Fire and Rescue Services" that sets out the main operational and business support challenges that the Force is facing. This considers the capability and capacity of the Force in the context of dealing with current and future demand. In summary the document points to challenges which largely mirror those areas already identified in the Risk Register but also highlights challenges in relation to Data, Demand, Detectives, Drugs, Digital, vulnerability in an operational context.
- 6.14 The Commissioner and Force also face a number of unknown potential future financial commitments which are referred to further in the contingent liabilities note including:
- Police Pension Legal Challenge - Career Average Revalued Earnings
 - Potential claims for overpaid pension contributions
 - Undercover Policing Inquiry
 - Dedicated Source Handling Unit On-Call Allowance Claims

7.0 Basis of Preparation and Presentation

- 7.1 These are the sixth statutory accounts prepared under the new governance arrangements. Both the Commissioner and Chief Constable as separate legal entities must produce their own Statement of Accounts, with the Commissioner being responsible for production of the Group Accounts, within which the Commissioner's accounts are contained.
- 7.2 The Accounts and Audit (Wales) Regulations 2015 require local government bodies to prepare a Statement of Accounts in accordance with proper practices. The Chartered Institute of Public Finance & Accountancy's Code of Practice is identified as representing proper practices.
- 7.3 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 2017/18;
 - **Statement of Responsibilities for the Statement of Accounts** - this statement sets out the responsibilities of the Commissioner and his Chief Finance Officer;
 - **Comprehensive Income and Expenditure Statement** - this core 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 core statement shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group. The Commissioner owns the land, buildings and other assets used by the Force. The net assets (assets less liabilities) are matched by the usable and unusable reserves;
 - **Notes to the financial statements** - these provide additional information that further explains items included within the main statements with an aim of

improving the readers understanding of the main financial statements and sets out the Accounting Policies used as the basis of preparing the financial statements as required by the Code of Practice;

- **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 pensions reserves which match the pension liability);
- **Cash Flow Statement** - this statement summarises changes to cash and cash equivalents during the reporting period;
- **Expenditure and Funding Analysis** - this statement shows how annual expenditure is used and funded by the Group from resources as reported by management, split across directorates and services in comparison with those resources consumed or earned by the Group reported in accordance with generally accepted accounting practices;
- **Police Pension Fund Account** - is a statement that shows expenditure, income, assets and liabilities pertaining to Police Pensions in the year. 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 account and effectively underwrites the deficit. This practice would work in reverse if the Pensions Fund Account were to show a surplus at the year-end;
- An **Annual Governance Statement** is included within this Statement of Accounts that sets out details of how the Commissioner and Chief Constable exercise governance over their affairs. The Statement is a statutory document for each corporation sole, albeit a combined statement has been produced for 2017/18 which aims to aid transparency and understanding to the reader, clearly demonstrating where arrangements are consistent and where they differ between the Commissioner and the Chief Constable. The statement includes an annual review of the adequacy of the governance arrangements, and also provides assurance on the systems of internal control.

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 2017/18.



24th of July 2018

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 2018.

Chief Finance Officer

Date

Joint Annual Governance Statement 2017-18

The Chief Constable and the Police and Crime Commissioner for Dyfed-Powys

Introduction and Scope of Responsibilities

The Police Reform and Social Responsibility Act 2011 created two corporations sole within each police force area: the Chief Constable and the Police and Crime Commissioner (hereon in referred to as the Commissioner). Each individual has clear and separate statutory remit. Collectively however, they are referred to within this document as "Policing Services". If a matter relates solely to the Force or Chief Constable, it will be made explicit. Similarly, specific reference will be made when matters relate solely to the OPCC or Commissioner.

The Chief Constable holds Office under the Crown and is responsible for maintaining the Queen's Peace. He has a statutory responsibility for the control, direction and delivery of operational policing services provided by the Force. The Chief Constable is accountable in law for the exercise of police powers and to the Commissioner for the delivery of efficient and effective policing, management of resources and force expenditure. The operational independence of the Chief Constable is protected in legislation. Mr Mark Collins has held the position of Chief Constable since his appointment by the Commissioner and commenced in office on 18th December 2016.

The Commissioner is statutorily responsible for securing an efficient and effective police force and holding the Chief Constable to account for the exercise of his functions. The Commissioner is responsible for setting the annual police budget (including precept level) and ensuring that public money is accounted for and that it is used economically, efficiently and effectively. The Commissioner is responsible for setting the strategic priorities for the Force through the production of a [Police & Crime Plan](#), ensuring business is conducted in accordance with the law, and that proper standards are achieved and maintained. A summary of the Plan can be found at [Appendix A – Police and Crime Delivery Plan on a Page](#). The Commissioner is publicly elected and therefore, represents the public's voice on policing matters. Mr Dafydd Llywelyn was elected as Police and Crime Commissioner in May 2016.

In discharging their individual responsibilities, the Commissioner and Chief Constable are also responsible for putting in place robust governance arrangements to ensure accountability of the exercise of functions which includes ensuring a sound system of internal control is maintained throughout the year and that arrangements are in place for the management of risk and adequate and effective financial management.

In accordance with the Accounts and Audit (Wales) Regulations 2014 (as amended), both the Commissioner and Chief Constable as separate Corporations Sole must produce an Annual Governance Statement. This provides an overview of the governance arrangements in place and reviews the effectiveness of these arrangements, identifying areas for improvements and required actions to address. Furthermore, the statement explains how governance arrangements reflect the principles in the Chartered Institute of Public Finance and Accountancy's guidance (CIPFA) *Delivering Good Governance: Guidance Notes for Policing Bodies in England and Wales 2016 Edition*.

This Annual Governance Statement has been produced jointly for the first time which aims to aid transparency and understanding to the reader, clearly demonstrating where arrangements are consistent and where they differ between the Chief Constable and the Commissioner.

Governance Arrangements

The governance arrangements in Dyfed-Powys Police provide the basis for robust scrutiny and accountability by the Chief Constable and Commissioner. The structures and processes put in place embed the principles of good governance in all decisions and ensure that these are cascaded throughout the organisation to create a culture that ensures the interests of the public are at the heart of service delivery.

A joint [Corporate Governance Framework](#) has already been developed by the Chief Constable and Commissioner and sets out the principles, structures and processes by which both the Office of Police and Crime Commissioner and Dyfed Powys Police will govern their activities, both jointly and separately. The Framework enables the Chief Constable and Commissioner to monitor the achievement of strategic priorities and to consider whether Police and Crime Plan objectives have been met.

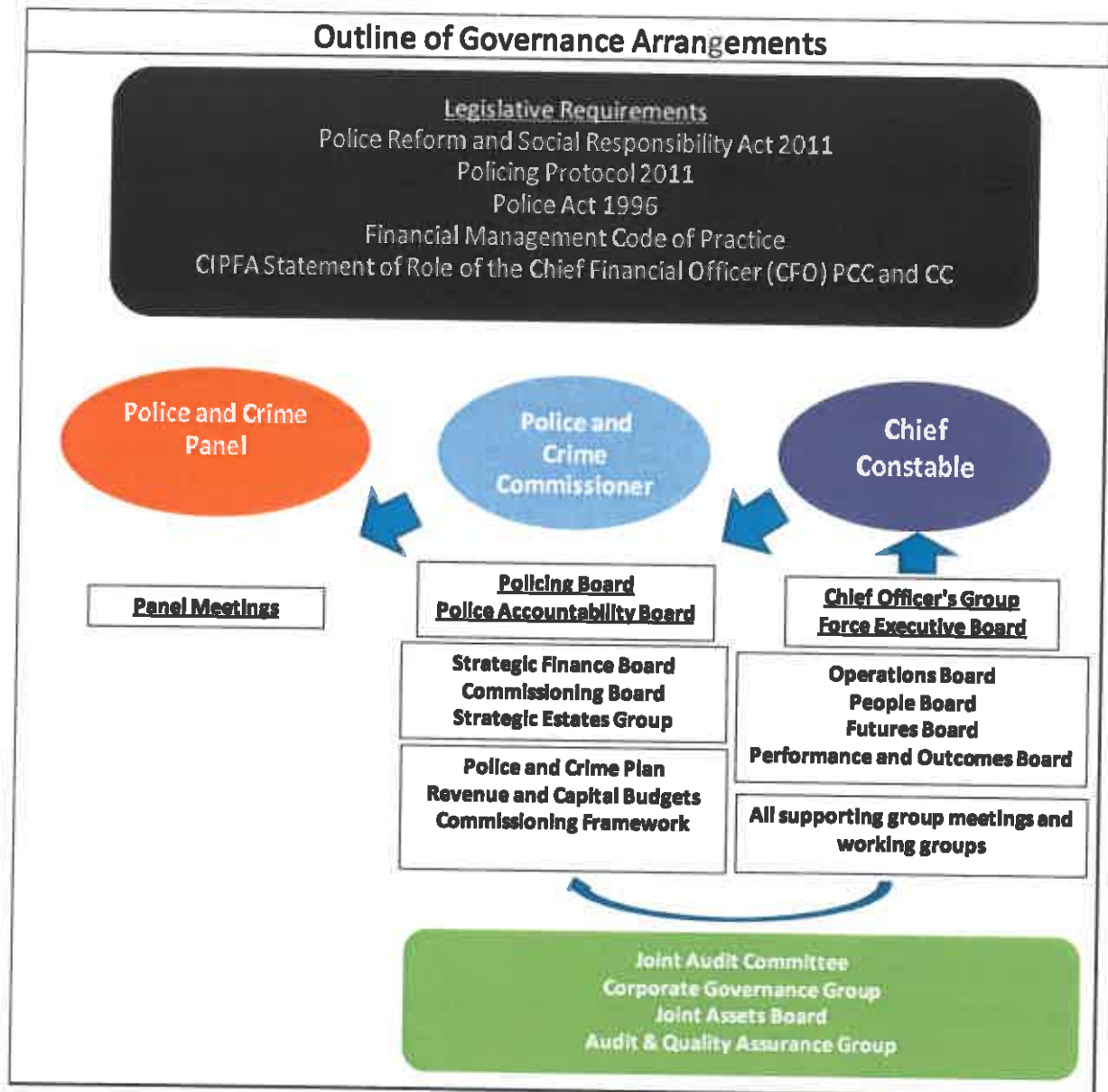
The framework was reviewed and updated to reflect the new governance structures in both the Force and OPCC. It consists of the following three documents:

- Statement of Corporate Governance – provides clarity on the way the Commissioner and the Chief Constable will govern both jointly and separately, to facilitate the effective discharge of business for the right reason in a timely manner for the public;
- Code of Corporate Governance – sets out the core principles of good governance, outlined in the Delivering Good Governance: Guidance Notes for Policing Bodies in England and Wales (Chartered Institute of Public Finance and Accountancy (CIPFA), 2016); and
- Scheme of Corporate Governance – sets out the parameters within which the two organisations will conduct their business to ensure that business is carried out efficiently and that decisions are open, transparent and not unnecessarily delayed.

A fundamental review of the governance structures was conducted during the summer of 2017 with a revised structure being launched on 3rd September 2017. This new structure brings a stronger and streamlined approach to governance and accountability for Dyfed-Powys Policing Services.

The main Governance and Accountability arrangements are outlined below with full structure shown in [Appendix B highlighting the relationship between Force and OPCC governance arrangements](#). An overview of the Governance Arrangements in being for both the Chief Constable and Commissioner is summarised below:

Outline of Governance Arrangements



The CIPFA Delivering Good Governance Guidance Notes for Policing Bodies in England and Wales 2016 Edition sets out that *“Good governance is about how decisions are made, focussing on matters such as understanding and clarity of aims, the integrity, fairness and transparency of decisions made by individuals and team, and the effectiveness of controls and accountability mechanisms...Governance is an organisational culture rather than a set of rules...It is doing what is right and doing it properly”*. Dyfed-Powys Policing Services are organisations that strive to listen carefully to the workforce and takes decisions that consider the interests of the public at all times.

The revised governance structure seeks to make that process more transparent. Work continues to develop, promote and ensure a consistency of approach throughout the governance structure.

The revised structure is intended to empower officers and staff below the rank of Chief Constable and Commissioner to drive business forward through the various Boards and Groups. Meetings are chaired by Chief Officers, the Commissioner and their Senior Management Teams and all encourage attendees to contribute actively to discussions and decisions. Connections between the groups and boards enable lateral discussion as

well as a facility to escalate matters when necessary. Clear parameters of each Board / Group are set out in the respective Terms of Reference and a review of the structure's effectiveness will be carried out in Autumn/Winter 2018.

Each Board and Group will also take ownership of managing Risks as depicted within the Corporate Risk Register and take ownership of Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) recommendations borne out of inspections, both thematic and routine, along with the recommendations and actions arising from both external and internal audits.

Force assurance arrangements comprise of the three lines of defence. The first line of defence being individual responsibility, the second line of defence being supervisory and management scrutiny and the third line being independent assurance through scrutiny at the governance boards, internal and external audit and other inspectorates.

The system of internal control is a significant part of the Framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives. It can only provide reasonable and not absolute assurance of effectiveness. Findings of the annual review of the system of internal control are considered by the Commissioner and Chief Constable and independently reviewed by the Joint Audit Committee (JAC).

Work is planned for the next financial year to align each Board to overarching principles and strategies such as the Police and Crime Delivery Plan, the Chief Constable's key priorities and the Control Strategy.

Contributing to and supporting Governance & Accountability

Governance and accountability is supported and scrutinised by a number of internal and external bodies. In compiling this AGS, their role and activity is fundamental. Detail as to each group and body is provided below:

Corporate Governance Group

The Corporate Governance Group which is chaired by the Deputy Chief Constable and is made up of key personnel from the Force, OPCC and Joint Audit Committee (JAC), has delegated responsibility for undertaking the process of maintaining and reviewing the effectiveness of the governance framework. The Corporate Governance Group has determined that the governance arrangements in place are fit for purpose and will oversee the review of arrangements due to be carried out in Autumn 2018.

Joint Audit Committee

The Chief Constable and the Commissioner have appointed an independent Joint Audit Committee which provides assurance to enhance public trust and confidence in the governance arrangements of the Commissioner and Chief Constable. Outcomes and decisions of the Joint Audit Committee are published, communicated internally and reported to the Chief Constable and Commissioner.

This approach is consistent with the Financial Management Code of Practice which states that such a combined body should consider the internal and external audit reports of both the Chief Constable and the Commissioner. The Joint Audit Committee also considers reports from HMICFRS. In discharging their obligations the Joint Audit Committee produce an annual report which reflects upon their activities during the year. The Committee provides comments, advice and assurance on matters relating to the internal control environment of Policing Services. It has oversight of general governance matters. During 2017/18, the Committee comprised of 4 independent people reporting directly to the Chief Constable and Commissioner. Meetings are held quarterly. There

is a formal Terms of Reference in place to guide business, ensuring matters are discharged within the clearly defined parameters of the Committee's remit. The Chief Constable and Commissioner are represented at all meetings of the Joint Audit Committee and regularly attend in person.

The Joint Audit Committee met on the 19th March 2018 to consider the Corporate Governance Framework and this Annual Governance Statement.

Internal Audit

The primary role of Internal Audit is to give an assurance to the Commissioner and Chief Constable on the effectiveness of the controls in place to manage risks. To this end the Internal Auditor delivers an annual opinion of the effectiveness of the controls reviewed by the internal audit team during the year. This annual opinion, set out in the annual report of the Internal Auditor, is one of the key sources of evidence in support of the Annual Governance Statement. With reference to 2017/18 the internal auditor, TIAA Ltd expressed the following opinion:

"TIAA is satisfied that for the areas reviewed during the year that the Police and Crime Commissioner for Dyfed-Powys and Chief Constable Dyfed-Powys Police has reasonable and effective risk management, control and governance processes in place. Also, there was evidence to support the achievement of value for money with regard to economy, efficiency or effectiveness of the systems reviewed. This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability which must be obtained by the Police and Crime Commissioner and the Chief Constable from the various sources of assurance".

The below sets out the number of reviews undertaken over the last 12 months compared with the previous financial year together with the assurance assessments:

Assurance Assessments	Number of Reviews	Previous Year
Substantial Assurance	7	4
Reasonable Assurance	15	11
Limited Assurance	1	2
No Assurance	0	0

There are 3 draft reports outstanding in relation to the 2017/18 audit programme, all of which were assessed as providing reasonable assurance. These reports generated 8 recommendations of which 6 were considered important and 2 were categorised as routine.

Internal Audit undertook an Assurance Review of Governance – Strategic Control and Corporate Governance during 2017/18. The overall assessment found reasonable assurance and made two important, two routine and one operational effectiveness recommendation. A number of these have already been addressed with the remaining ones to be undertaken during 2018/19.

The Joint Audit Committee received one report providing a limited assurance rating in relation to internal controls in respect of the Investigations Duty of Care – Human

Resources (HR) and Finance. The majority of recommendations related to corporate Health and Safety policies and procedures. All other audits conducted during 2017/18 received an overall assurance rating of reasonable or substantial and all of the highest priority agreed actions have been completed. The Joint Audit Committee consider all internal audit reports and then monitor progress of the implementation of audit recommendations.

External Audit

As external auditor, the Wales Audit Office is required under Public Audit (Wales) Act 2004 to assess whether the Commissioner and Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. To achieve this, they consider;

- the results of the audit work undertaken on the financial statements;
- the Commissioner and the Chief Constable systems of internal control, as reported in the Annual Governance Statements and their report thereon;
- the results of other work carried out including performance audit work and data-matching exercises;
- the results of the work of other external review bodies where relevant to their responsibilities; and
- any other work that addresses matters not covered by the above, and which they consider necessary to discharge their- responsibilities.

The Wales Audit Office issued unqualified audit opinions in respect of the 2016/17 accounts to both the Commissioner and Chief Constable and were satisfied 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.

Independent Office for Police Conduct (IOPC) formerly known as the Independent Police Complaints Commission (IPCC)

Processes for dealing with complaints against the police are governed by Acts of Parliament, Home Office guidance and Independent Office for Police Conduct (IOPC) statutory guidance. New Regulations introduced in the Police Reform and Social Responsibility Act 2011 prompted revisions to Home Office guidance and IOPC statutory guidance. Internal policies and procedures have been reviewed and amended to accommodate these.

On 8th January 2018, complaints legislation revisions contained within the Policing and Crime Act 2017 brought a revised governance structure for the IOPC and made amendments to its remit in a number of areas of police complaint handling and investigation. In order to reflect these changes, the name of the IPCC changed to become the Independent Office for Police Conduct (IOPC).

In 2017/18 there were no significant recommendations from the IOPC. The Force's Professional Standards Department continue to work hard to improve timeliness of complaint handling, a matter that has been subject to close scrutiny by the IOPC. Significant improvements have been made in terms of the number of cases that are dealt with by way of Local Resolution, which in turn positively impacts of timeliness of completion of cases. Investigation timeliness still requires improvement but the Force is confident that once the legacy cases are dealt with, timeliness will improve considerably. Recording of complaints within the statutory timescale of 10 working days remains amongst the best in the country.

The Professional Standards Department hold bi-annual meetings with the IOPC liaison officer during which, the Force are held to account for performance in relation to complaint and conduct handling.

The Policing and Crime Act 2017 will also introduce changes to the way in which complaints against police are dealt with. Chief Officers will be replaced by Commissioners as Relevant Appeal Bodies in complaint appeals thus bringing improved transparency and impartiality to the process. In preparation for these changes that take effect in 2019, the Commissioner determined that the Public Service Bureau, a team dedicated to dealing with public concerns and compliments about policing, would transfer from the joint responsibility of the Chief Constable and Commissioner, to the sole responsibility of the Chief Constable in March 2018. The rationale for doing so not only created a seamless journey for the complainant but also ensured objectivity and independence during the appeal stages.

Information Commissioner's Office

The Information Commissioner's Office is an independent body set up to promote access to official information and to protect personal information. The Information Commissioner's Office facilitates compliance by helping the Force understand what the Data Protection Act (and from 2018 requirements under the General Data Protection Regulations), Freedom of Information Act and related issues mean and advises on how to protect personal information.



























The Chief Constable has agreed to an undertaking with the Information Commissioner's Office to improve the security and protection of information dealt with by Dyfed-Powys Police Force. As part of that undertaking, the Chief Constable has agreed that:

- (1) A force-wide programme of data protection training adequate to equip officers with the necessary knowledge to comply both with the Act and with the data controller's policies concerning the processing of personal data be implemented.
- (2) A force-wide programme of refresher training be introduced to ensure ongoing compliance with the Act.
- (3) A programme of recording and monitoring of training undertaken be implemented with prompt remedial action to address non-compliance being taken where necessary.
- (4) Implementation of other security measures as are appropriate to ensure that personal data is protected against unauthorised and unlawful processing, accidental loss, destruction, and/or damage.
- (5) Provide confirmation of plans in writing to the Information Commissioner to demonstrate commitment to these steps.

Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS)

The role of the HMICFRS is to inspect policing in the public interest and promote improvement in policing to make everyone safer. HMICFRS also provides advice and support to the tripartite partners (Home Secretary, PCC and Forces) and play an important role in the development of future leaders.

In 2016/17, the Police Effectiveness, Efficiency, Leadership and Legitimacy (PEEL) Programme assessed Dyfed-Powys Police as "Requiring Improvement" overall and against each area. During 2017/18, the Force continued to experience a significant level of HMIC Inspection activity. Pleasingly, however, the overall grading for the Force has improved in the most recent Effectiveness and Legitimacy inspections.

2016	PEEL HMIC	2017
	EFFICIENCY	
Requires Improvement 	How well does the force understand demand?	Good 
Requires Improvement 	How well does the force use its resources?	Requires Improvement 
Requires Improvement 	How well is the force planning for demand in the future?	Requires Improvement 
Requires Improvement 	OVERALL GRADING	Requires Improvement 
	EFFECTIVENESS	
Good 	How effective is the force at preventing crime, tackling anti-social behaviour and keeping people safe?	Good 
Requires Improvement 	How effective is the force at investigating crime and reducing re-offending?	Good 
Requires Improvement 	How effective is the force at protecting those who are vulnerable from harm, and supporting victims?	Requires Improvement 
Good 	How effective is the force at tackling serious and organised crime?	Good 
Ungraded	How effective are the force's specialist capabilities?	Ungraded
Requires Improvement 	OVERALL GRADING	Good 
	LEGITIMACY	
Requires Improvement 	To what extent does the force treat all of the people it serves with fairness and respect?	Good 
Requires Improvement 	How well does the force ensure that its workforce behaves ethically and lawfully?	Good 
Requires Improvement 	To what extent does the force treat its workforce with fairness and respect?	Requires Improvement 
Requires Improvement 	OVERALL GRADING	Good 

HMICFRS Inspection activity provides an additional layer of assurance over the management of the Force and its governance arrangements. HMICFRS reports are sent to the Chief Constable for consideration and appropriate action. HMICFRS, working alongside the Wales Audit Office play a key role in informing the Commissioner and the public on the operational efficiency and effectiveness of the Force and, in so doing, facilitate the accountability of the Chief Constable to the public. Updates and significant actions undertaken as a result of HMICFRS activities are reported and monitored through the HMICFRS Governance Group and the Joint Audit Committee. Responsibility for addressing Areas for Improvement (AFIs) or Recommendations rests more locally with each respective Group or Board responsible for the AFI itself.

Police and Crime Panel

The role of the Dyfed Powys Police and Crime Panel is to scrutinise and support the work of the Police and Crime Commissioner. The Panel is made up of members nominated by the four councils in the force area: Carmarthenshire, Ceredigion, Pembrokeshire and Powys and at least 2 independent members. Carmarthenshire County Council is the lead authority for the Panel.

The Panel has a number of powers and responsibilities including:

- Review the Commissioner's police and crime plan
- Review the Commissioner's annual draft budget, with the power to veto the level of precept
- Deal with complaints against the Commissioner or his deputy
- Scrutinise decisions and actions taken by the Commissioner
- Review the appointment or removal of the Chief Constable
- Support the work of the Commissioner
- Make reports or recommendations to the Commissioner
- Review the Commissioner's conduct

The Panel cannot scrutinise Dyfed-Powys Police Force or its work. In discharging its responsibilities, the Panel have considered decisions made by the Commissioner on a quarterly basis. It is noteworthy that the Panel unanimously supported the Commissioner's precept decision in January 2018 to support the delivery of policing services for the public of Dyfed-Powys.

Core Principles and their application

This Annual Governance Statement includes a summary of the arrangements in place for the Chief Constable and Commissioner to meet with each of the seven core principles of good governance as identified in the revised CIPFA Delivering Good Governance Guidance 2016 edition.

- Core Principle A – behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- Core Principle B – ensuring openness and comprehensive stakeholder engagement
- Core Principle C – defining outcomes in terms of sustainable economic, social and environmental benefits
- Core Principle D – determining the interventions necessary to optimise the achievement of the intended outcomes
- Core Principle E – developing the entity's capacity, including the capability of its leadership and the individuals within it
- Core Principle F – managing risks and performance through robust internal control and strong public financial management
- Core Principle G – implementing good practices in transparency, reporting and audit to deliver effective accountability

Detail of measures in place can be found here in [Appendix C](#). It is the role of the Corporate Governance Group to review the application of the Core Principles in compiling this Annual Governance Statement and in particular, the actions and evidence that is compiled in support of this. Minutes of the Group's discussions and decisions are considered by the Joint Audit Committee.

Review of effectiveness

The Chief Constable and Commissioner have responsibility for conducting at least annually, a review of the effectiveness of their governance framework, including the system of internal control. The review of effectiveness is informed by the work of the Corporate Governance Group, senior managers within the organisation who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report and also by comments made by the external auditor and other review agencies and Inspectorates. The Corporate Governance Group is predominantly responsible for the review of governance with Minutes and actions being reviewed by the Joint Audit Committee. The Chair of the Joint Audit Committee sits within the Corporate Governance Group.

The Corporate Governance Group met four times in the last year to collate evidence and assess progress against a matrix of evidence designed to demonstrate Policing Services' compliance with the Core Principles. This matrix forms the evidence base for this Annual Governance Statement, the summary of which is shown at [Appendix C](#).

The Group met on the 30th November 2017 and subsequently on the 14th February 2018 to undertake an annual review of the Corporate Governance arrangements and concluded that good progress had been made in taking forward the governance framework during 2017/18.

The work of the above in 2017/18 led to some changes to the governance arrangements which included:

- a) The introduction of a new governance structure to strengthen transparency throughout both organisations. The structure clearly outlines the facets of policing that are overseen jointly by the Chief Constable and Commissioner and takes account of the role of the Joint Audit Committee and Corporate Governance Group.
- b) Development of Terms of Reference for each of the Groups and Boards that make up the Governance Structure so as to provide clarity of focus, minimise duplication and set clear objectives.
- c) Reinvigoration of a number of groups such as the Learning the Lessons Group to ensure corporate governance and accountability is applied to all business areas in addition to strategic force wide matters
- d) Creation of some groups and boards such as the Audit and Quality Assurance Group to oversee force activity that was not previously centrally monitored.

A summary of the actions for 2017/18 together with detail as to the progress made is provided in the table below:

Action	Progress
Consider determining how well understood the Code of Ethics referral process is and reporting mechanism for feedback	Complete: The Code of Ethics referral process was considered in the People Board and signed off as being an effective method to bring ethical matters of concern ethically, to the force's attention. Referrals are made via an online process and can be escalated to the People's Board for consideration if necessary.
Ensure that ethics and integrity are reinforced through the new Personal Development Review (PDR) process	Complete: The PDR is designed to ensure that supervisors remind staff of their duties and responsibilities under the Code of Ethics There were also questions that asked Individuals to set out what they have done to meet with criteria that accorded with ethics and integrity. However completion rate stood only at 53% and this is recognised as an area for further development
Consider establishing a Professional Reference Group of internal staff to advise in relation to policies and matters in development	Complete: The Professional Reference Group has been established and met twice. Meetings are held on a quarterly basis. It is facilitated by the Assistant Director for Collaboration and Efficiency and the Police Federation Lead. There are currently 85 members listed to contribute to the group and they are primarily responsible for identifying topics for discussion and debate
Finalise a Corporate Communications Strategy and utilise Community Profiling tools to increase community engagement at a corporate level	Complete: The Corporate Communications Strategy has been finalised. Complete: A tool to provide community profiling information is utilised in force (MOSAIC). The results of this inform communication and engagement activity. In progress:- Community engagement activity continues to increase with a range of methodologies being utilised, including public meetings being hosted by the Commissioner and Chief Constable in local communities, an increased number of engagement days, bi-monthly 'Community Link' newsletter and increased social media activity. This area continues to be a focus for the Commissioner, with activity to include the establishment of a youth forum, increasing the use of volunteers to support scrutiny

	activity and exploring further opportunities for community engagement across the Dyfed-Powys area.
Consider sustainable development principles for all key developments as part of a new front door process for business cases and future planning	In progress: Business case models are being rolled out within Dyfed-Powys. All cases for resource must be submitted in a reasoned business case, aligned to the Treasury Green Book Model. A corporate template for business cases has been developed and will ensure reference to sustainable development principles. In progress: The force continue to develop the 'front door' process and embed throughout the new governance structure and arrangements.
Develop and embed the Police and Crime Plan (PCP) Delivery Plan into the organisation through appropriate governance arrangements including performance structures	In progress: A team was established to develop the PCP Delivery Plan in support of the PCP. Progress against the Delivery Plan will be overseen by the Governance Boards and monitored regularly.
Create a repository of staff skills and qualifications to and finalise the Leadership and Wellbeing Strategy. Implement the Transformational Leadership Programme	Complete: A skills audit has taken place for the Force and OPCC resulting in the creation of a repository of officer and staff skills within iTrent. There are opportunities to develop this work more widely to inform workforce planning and consideration will be given to options in 2018/19. This area continues to be a focus for the PCC, with activity for 2018/19 to include the establishment of a youth forum, increasing the use of volunteers to support scrutiny activity and exploring further opportunities for community engagement across the Dyfed-Powys area. Complete: The CALON Strategy has been embedded and a forum within the Governance Structure oversees progress with the various strands of leadership and wellbeing development. Complete: Transformational Leadership programme has been rolled out to the top 60 leaders within the Force and OPCC. An evaluation of the programme has been undertaken and results will inform the wider roll out of Leadership training throughout the Force and OPCC.
Complete the Historic Areas for Improvement included in HMICFRS Police Efficiency Effectiveness and Legitimacy (PEEL) inspections to improve the gradings to 'good'.	In progress: There is a rolling programme in place to scrutinise all outstanding Areas For Improvement (AFIs) resulting from HMICFRS inspections and considerable progress has been made with closing these. Responsibility for addressing these rests with the various Governance Boards and Groups and further oversight is delivered by the HMICFRS Governance group to ensure progress. Significant improvements have been made with 'Good' gradings being achieved for Effectiveness and Legitimacy.
Establish and publish a plan of our own audit of processes and systems and compliance testing. Link corporate governance action plan to risk register.	In progress: An audit plan is in development following an exercise to understand what audit and testing already takes place throughout the Force. Overseeing progress in relation to this work is the Audit and Quality Assurance Group. Complete: The Corporate Risk Register informs the development of the Corporate Governance Framework and Annual Governance Statement. As such, these documents are aligned. It is important that they do not duplicate one another and therefore any actions within the AGS (as is the case for risk) will become the responsibility of the various boards to address and report back to.

Note: As a consequence of preparing one Annual Governance Statement, the above review of progress has consolidated both of the 2017/18 actions plans.

Actions for 2018/19

The review of governance arrangements for the Chief Constable and Commissioner over the last year has identified a number of areas of Policing Services that, if achieved, would demonstrate enhanced accountability, transparency and effective working arrangements as well as strengthening further the governance arrangements in place.

Action	Owner	Timescale
Embed the HMICFRS Force Management Statement process and utilise this as a strategic planning tool to identify gaps in force capability to and address policing priorities.	Deputy Chief Constable	December 2018
Establish a 'Front door process' to corporately identify and prioritise emerging major change projects, initiating the required capacity to implement these programmes.	Deputy Chief Constable / Ch Supt HQ	March 2019
Establish and consistently embed audit and quality assurance mechanisms to drive up data quality and improve the force's approach to information management	Chief Constable / Assistant director – IT and Chief Supt. HQ	September 2018
Improve financial management arrangements to ensure early identification of financial pressures to facilitate robust mitigation plans.	Director of Finance / Chief Finance Officer	September 2018
Develop a comprehensive Force Strategy in line with Policing Vision 2025 and regional priorities, clearly setting out force priorities in relation to Estates, ICT, People and service delivery.	Chief Supt. HQ / Assistant Director – Collaboration and Efficiency	December 2018
Undertake a review of governance structures to ensure effectiveness and robust accountability and communication.	Deputy Chief Constable/Governance and Planning Manager	November 2018
Establish and embed assurance mechanisms to compliment and support force audit and assurance activity, providing independent, public focussed scrutiny of performance	Chief of Staff	September 2018
Establish and embed internal performance monitoring activity within the OPCC to provide focus and demonstrate accountability and effectiveness.	Chief of Staff	October 2018

Declaration

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 reviews of effectiveness over the year and will monitor their implementation and operation as part of our next annual review.

Signed:



Mark Collins
Chief Constable

Date: 24/7/18

Signed:



Dafydd Llywelyn
Police and Crime Commissioner

Date: 24/7/18

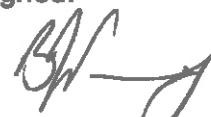
Signed:



Edwin Harries
Director of Finance

Date: 24/7/18

Signed:



Beverley Peatling
Chief Financial Officer, OPCC

Date: 24/7/18



Safeguarding our communities together: Working together to provide a first class service that is visible and accessible, ensuring that our communities remain safe. We will be there when the public need us and we will act with fairness and respect in all that we do.



Intelligence
 Digital Police Public & Crime Panel
 Community Engagement
 Police & Crime Panel
 Corporate Communications

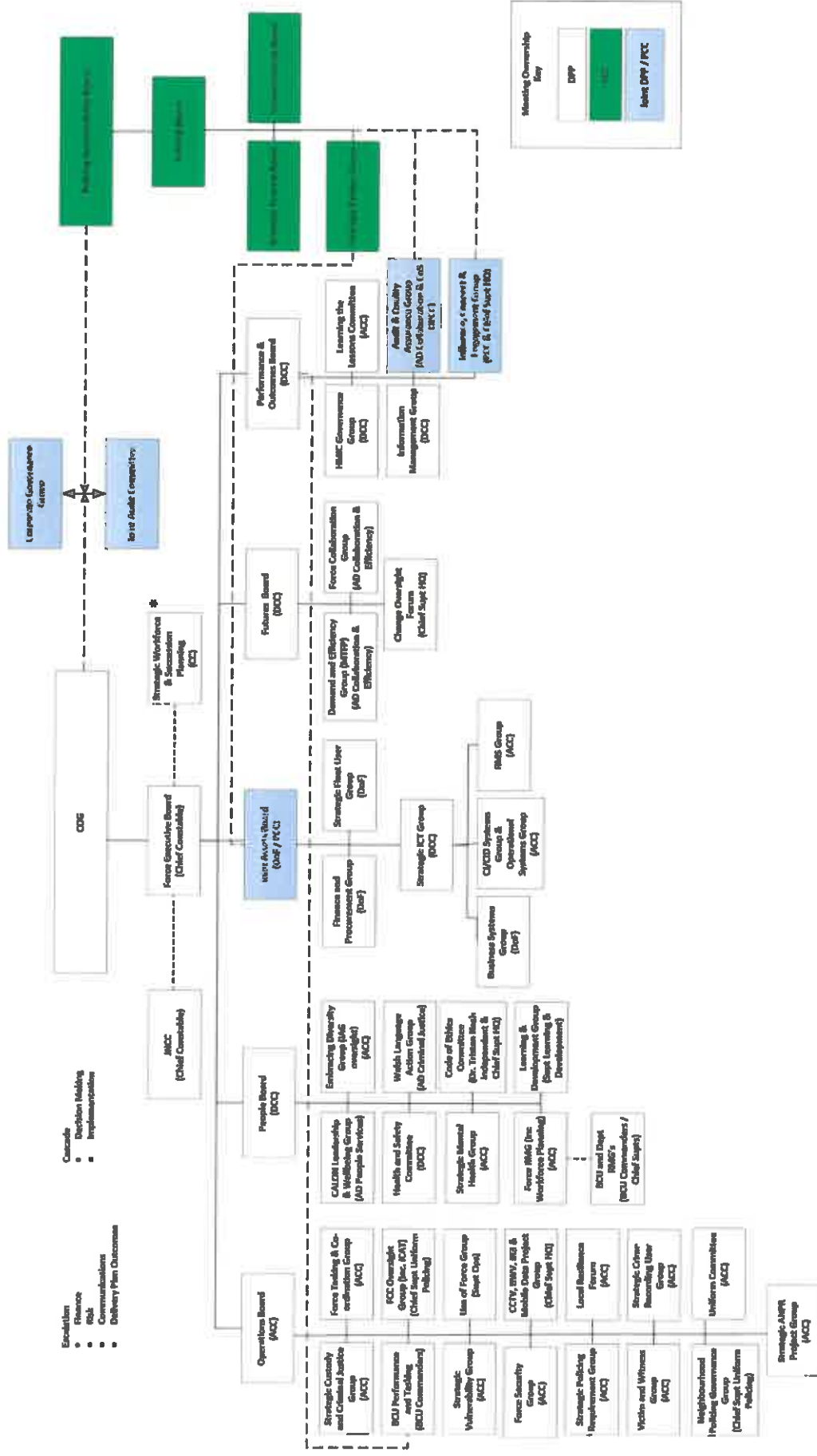
Local Policing
 Neighbourhood Support Work
 Community Engagement

Partnerships
 Information, Communication, Technology
 Social Good

Strategic Support
 Crime Prevention
 Public Protection
 Professional Standards
 People Services
 IT & Digital
 Finance & HR

Police & Crime Delivery Plan 2017-2021

Appendix B - Governance Structure



Appendix C – Matrix of Evidence

<p>Core Principle</p> <p>A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p>	<p>What's in place</p> <p>Policing Services: Workforce</p> <ul style="list-style-type: none"> • Code of Conduct, • A register of gifts and hospitality <p>Checks and balances</p> <ul style="list-style-type: none"> • Legally Qualified Chairs (LQCs). • Legislative changes to complaint handling¹. <p>Chief Constable: Workforce</p> <ul style="list-style-type: none"> • The Leadership Foundation • College of Policing code of ethics embedded in the force vision, mission and values. • Methods to challenge unethical behaviour include <ul style="list-style-type: none"> ○ Bad Apple, ○ Code of Ethics Committee. ○ Whistleblowing <p>Checks and balances</p> <ul style="list-style-type: none"> • Legal Services. • Professional Standards Department and People Services Department. • Ethics Committee and the Learning the Lessons Group. <p>Independent assessment</p> <ul style="list-style-type: none"> • HMICFRS PEEL legitimacy inspection
--	--

¹ the Policing and Crime Act 2017

	<p>Commissioner: Workforce</p> <ul style="list-style-type: none"> • The Commissioner complies with legislation². • Decisions are published on the OPCC website. <p>Checks and balances</p> <ul style="list-style-type: none"> • OPCC Monitoring Officer. • The Chief of Staff ensures staff uphold the highest standards of professional conduct. <p>Independent assessment</p> <ul style="list-style-type: none"> • Police and Crime Panel
<p>B: Ensuring openness and comprehensive stakeholder engagement</p>	<p>Policing Services: Workforce</p> <ul style="list-style-type: none"> • Arrangements for effective engagement include <ul style="list-style-type: none"> ◦ Regular meetings with Leaders and Local Authority Chief Executives ◦ Public consultation ◦ Newly published websites ◦ Monthly public meetings • Publication of information on the Force and Commissioner's website <p>Chief Constable: Workforce</p> <ul style="list-style-type: none"> • Internal engagement mechanisms. • Community profiling. • Corporate social media accounts. • Community engagement. • Partnership meetings. • Non-emergency number / website • Collaboration arrangements <p>Checks and balances</p>

² The Elected Local Policing Bodies (Specified Information) Order 2011 and the Elected Local Policing Bodies (Specified Information) (Amendment) Order 2012

	<ul style="list-style-type: none"> • Volunteers including the: <ul style="list-style-type: none"> ◦ Independent Advisory Group ◦ Street pastors ◦ Chaplaincy service • Elected Local Policing Bodies (Specified Information) Order 2011 <p>Commissioner: Workforce</p> <ul style="list-style-type: none"> • The Commissioner is the Chair of the Dyfed-Powys Local Criminal Justice Board. • Appointment of Community Engagement Officers. • A transparent and fair process for all commissioning activity. <p>Checks and balances</p> <ul style="list-style-type: none"> • Volunteers including the: <ul style="list-style-type: none"> ◦ Independent Advisory Group ◦ Independent Custody Visitors ◦ Quality Assurance Panel ◦ Animal Welfare lay visitors • Out of Court Disposal Panel
<p>C: Defining outcomes in terms of sustainable economic, social and environmental benefits</p>	<p>Policing Services: Workforce</p> <ul style="list-style-type: none"> • A partnership agreement has been ratified between Public Health Wales, Policing and Criminal Justice partners across Wales. • Adverse Child Experiences (ACEs) project. <p>Chief Constable: Workforce</p> <ul style="list-style-type: none"> • Environmental / Sustainability Policy and Environmental working group. • Five Case Model for all business cases. • Force Management Statement. <p>Checks and balances</p> <ul style="list-style-type: none"> • Unofficial adoption of the core principles of ISO14001 Environmental Management System.

	<ul style="list-style-type: none"> • Collaboration with the Carbon Trust. • The principals of HSG65 "Successful Health and Safety Management" are adopted. <p>Independent assessment</p> <ul style="list-style-type: none"> • A feasibility study was undertaken by the Carbon Trust and Resource Efficiency Wales through the Welsh Government in 2017. • An external force undertakes an audit of Health and Safety every 5 years. • Governed by the Health and Safety Executive (HSE) and Fire Authorities. • Infrequent audits are carried out by TIAA. <p>Commissioner: Workforce</p> <ul style="list-style-type: none"> • Estates Strategy. • The Commissioner holds the national portfolio for IT.
<p>D: Determining the interventions necessary to optimise the achievement of the intended outcomes.</p>	<p>Policing Services: Workforce</p> <ul style="list-style-type: none"> • PDR process. • Corporate and Dynamic Risk registers. <p>Independent assessment</p> <ul style="list-style-type: none"> • Internal Audit work programmes. • WAO work programme. <p>Chief Constable: Workforce</p> <ul style="list-style-type: none"> • Overarching force performance is reported through the Performance and Outcomes Board. Local Performance monitoring takes place through the performance and tasking meetings. A dashboard system (Qlikview) brings together force performance data. • Overarching priorities such as the Control Strategy, the Chief Constable's 3 priorities and the Police and Crime Plan sets the direction for local policing. • Robust financial planning. • Workforce planning. <p>Checks and balances</p>

	<ul style="list-style-type: none"> • Internal quality assurance and frequent audit activity. <p>Independent assessment</p> <ul style="list-style-type: none"> • HMICFRS Inspection activity. <p>Commissioner: Workforce</p> <ul style="list-style-type: none"> • The Police and Crime Plan - four key priorities • Monitoring of Force performance at Policing Accountability Board.
<p>E: Developing the entity's capacity, including the capability of its leadership and the individuals within it.</p>	<p>Policing Services: Workforce</p> <ul style="list-style-type: none"> • Transformational Leadership Programme delivered to the organisation's top 60 Leaders. Wider roll out is planned for 2018/19. • Second cohort of Llywio, the force's talent management programme is complete. • PDRs enable supervisors to consider the opportunities to develop their teams. • Coaching and mentoring scheme. • Costed training plan. • Apprenticeship schemes • Secondment opportunities. • Collaboration strategy enables benefits of shared working to be maximised. • Volunteers provide opinion on policy and service delivery. • Professional Development Frameworks guide recruitment and training. <p>Chief Constable: Workforce</p> <ul style="list-style-type: none"> • The CALON leadership and wellbeing strategy is in place. The supporting delivery plan is regularly reported against in the CALON leadership and wellbeing group. • Multi skilled staff in back office functions ensure the workforce is able to manage demand. • Development of a talent management strategy. • Investors in People (IIP) accreditation. <p>Commissioner: Workforce</p> <ul style="list-style-type: none"> • The Commissioner holds the national portfolio for IT and invests time to ensuring sustainable IT solutions for policing and criminal justice that are interoperable

<p>F: Managing risks and performance through robust internal control and strong financial management</p>	<p>Policing Services: Workforce</p> <ul style="list-style-type: none"> • Corporate and Dynamic Risk Registers. • Risk management takes place through the governance structures. <p>Checks and balances</p> <ul style="list-style-type: none"> • Internal Audit work programmes consider risk, external audit reports when determining the areas for scrutiny. • The Corporate Governance Group oversee the outcomes of each internal audit report. • The Joint Audit Committee provides independent scrutiny on corporate governance, financial management and risk. <p>Independent assessment</p> <ul style="list-style-type: none"> • WAO work programme delivers recommendations on areas of weakness. <p>Chief Constable: Workforce</p> <ul style="list-style-type: none"> • Newly implemented Governance Structure has strengthened internal control. • Partnership boards enable a coordinated response to matters. These include but are not limited to: <ul style="list-style-type: none"> ◦ Multi Agency Risk Assessment Conferences; ◦ Multi-Agency Public Protection Arrangements; ◦ Integrated Offender Management; and ◦ Local Safeguarding Boards. • Financial probity. • Procurement rules. <p>Commissioner: Workforce</p> <ul style="list-style-type: none"> • OPCC scrutiny activity is driven by a risk based selection process. <p>Checks and balances</p> <ul style="list-style-type: none"> • The Out of Court Disposal Panel provides independent professional views on criminal justice matters. • The Quality Assurance Panel provides independent scrutiny on police complaint handling and non-emergency call handling. <p>Independent assessment</p>
---	--

	<ul style="list-style-type: none"> • Police and Crime Panel scrutinises the PCC's activity, decision-making and discharge of his statutory obligations <p>G: Implementing good practices in transparency, reporting and audit to deliver effective accountability</p> <p>Policing Services: Workforce</p> <ul style="list-style-type: none"> • The Commissioner and Chief Constable have migrated to a joint Annual Governance Statement. • New websites detail key information to ensure transparency of activity. <p>Checks and balances</p> <ul style="list-style-type: none"> • The Joint Audit Committee is a key component of the Dyfed-Powys Police Service's corporate governance. <p>Independent assessment</p> <ul style="list-style-type: none"> • Internal and external audit programmes bring independent scrutiny and quality assurance to various work streams and business areas. <p>Chief Constable: Workforce</p> <ul style="list-style-type: none"> • The revised governance structure brings transparency of process and decision making within the Force. <p>Independent assessment</p> <ul style="list-style-type: none"> • Numerous inspections scrutinise force activity. These include: <ul style="list-style-type: none"> ○ HMICFRS; ○ ICO; ○ Internal Audit; and ○ IOPC. <p>Commissioner: Workforce</p> <ul style="list-style-type: none"> • Policing Accountability Board meetings are publicly held in various locations throughout the Force area. <p>Checks and balances</p> <ul style="list-style-type: none"> • The Out of Court Disposal Panel and Quality Assurance Panel provide independent scrutiny and quality assure business processes. <p>Independent assessment</p>
--	---

	<ul style="list-style-type: none">• The Police and Crime Panel scrutinise the activity of the PCC.
--	---

The Independent auditor's report of the Auditor General for Wales to Police and Crime Commissioner for Dyfed Powys

Report on the audit of the financial statements

Opinion

I have audited the financial statements of:

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

for the year ended 31 March 2018 under the Public Audit (Wales) Act 2004.

The Police and Crime Commissioner for Dyfed Powys financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes, including a summary of significant accounting policies.

Dyfed Powys Police Pension Fund's financial statements comprise the Fund Account and the Net Assets Statement and related notes.

The Police and Crime Commissioner for Dyfed Powys Police Group's financial 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 and the related notes, including a summary of significant accounting policies.

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 2017-18 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial position of the Police and Crime Commissioner for Dyfed Powys; the Dyfed Powys Police Pension Fund; and the Police and Crime Commissioner for Dyfed Powys Police Group as at 31 March 2018 and of their income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Police and Crime Commissioner, the Pension Fund and the Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Police and Crime Commissioner for Dyfed Powys or the Police and Crime Commissioner for Dyfed Powys Police Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The responsible financial officer is responsible for the other information in the Narrative Report and accounts. The other information comprises the information included in the Narrative Report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements 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.

Report on other requirements

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18;
- The information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the Police and Crime Commissioner for Dyfed Powys, the Dyfed Powys Police Pension Fund and the Police and Crime Commissioner for Dyfed Powys Police Group and their environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement.

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 financial 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.

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 and the Police and Crime Commissioner for Dyfed Powys Police Group in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts as set out on page 21, the responsible financial officer is responsible for the preparation of the statement of accounts, including the Police and Crime Commissioner for Dyfed Powys Police Group financial statements and Dyfed Powys Police Pension Fund's financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Police and Crime Commissioner for Dyfed Powys and the Police and Crime

Commissioner for Dyfed Powys Police Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.


Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Anthony J Barrett
24 Cathedral Road
Cardiff
CF11 9LJ

For and on behalf of the Auditor General for Wales

Signature: 
Date: 30 July 2018

The maintenance and integrity of the 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.

Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded by the Group from resources (government grants, rents and council tax) in comparison with those resources consumed or earned by the Group in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Group's Directorates/Services/Departments. Income and Expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. The 2016/17 Statement has been restated to reflect changes made to Force Governance Structures and Reporting Arrangements.

Expenditure & Funding Analysis 2017/18	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis – details in Note 8	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000
<u>POLICE AND CRIME COMMISSIONER</u>			
Commissioning and Office Costs	1,798	105	1,904
Estates	3,936	573	4,508
TOTAL POLICE & CRIME COMMISSIONER'S OFFICE	5,734	678	6,412
<u>CHIEF CONSTABLE</u>			
<u>Budgets Managed Corporately by the Chief Constable</u>			
Chief Constable's Office	1,277	296	1,573
Centrally Managed Corporate Budgets	5,940	(2,920)	3,020
Externally Funded National/Regional/Local Services	(671)	(16)	(687)
Staff Associations	217	65	282
<u>Budgets Managed by the Deputy Chief Constable</u>			
People's Services	2,506	499	3,005
Legal, Information, Efficiency, Health & Safety	3,231	559	3,790
Retirements, Major Operations and Communications	875	84	959
Professional Standards	1,192	315	1,507
<u>Budgets Managed by the Assistant Chief Constable</u>			
Local Policing	49,064	15,273	64,337
Investigations	23,479	6,392	29,871
Scientific Support	1,504	175	1,679
Criminal Justice	1,007	295	1,302
<u>Budgets Managed by the Director of Finance</u>			
Information Systems and Technology	4,228	401	4,629
Business Support Unit	1,907	362	2,269
Fleet Costs	864	87	951
Finance and Procurement	600	83	683
<u>Non-distributed costs</u>	92	0	92
<u>Exceptional Items -</u>			
- Abnormal Loads – Windfarms	(603)	0	(603)
- Operation Heath	798	0	798
TOTAL CHIEF CONSTABLE	97,507	21,950	119,457
NET COST OF SERVICES	103,241	22,626	125,669
Other Income and Expenditure	(96,616)	14,603	(82,013)
SURPLUS OR DEFICIT (Before Reserve Transfers)	6,625	37,231	43,856
Transfers from Earmarked Reserves	(6,157)		
SURPLUS OR DEFICIT FOR THE YEAR	468		
Opening General Fund Balance as at 1 st April 2017	(4,500)		
Less Deficit on General Fund Balance in Year	468		
Closing General Fund Balance as at March 2018	(4,032)		

POLICE & CRIME COMMISSIONER FOR DYFED POWYS

Expenditure & Funding Analysis 2016/17 (Restated)	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis – details in Note 8	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000
<u>POLICE AND CRIME COMMISSIONER</u>			
Commissioning and Office Costs	1,659	361	2,020
Estates	3,831	30	3,861
TOTAL POLICE & CRIME COMMISSIONER'S OFFICE	5,490	391	5,881
<u>CHIEF CONSTABLE</u>			
<u>Budgets Managed Corporately by the Chief Constable</u>			
Chief Constable's Office	1,280	121	1,401
Centrally Managed Corporate Budgets	5,702	(2,932)	2,770
Externally Funded National/Regional/Local Services	77	0	77
Staff Associations	190	23	213
<u>Budgets Managed by the Deputy Chief Constable</u>			
People's Services	2,425	185	2,610
Legal, Information, Efficiency, Health & Safety	2,160	161	2,321
Retirements, Major Operations and Corporate Communications	734	36	770
Professional Standards	1,021	111	1,132
<u>Budgets Managed by the Assistant Chief Constable</u>			
Local Policing	47,544	6,592	54,136
Investigations	22,883	2,646	25,529
Scientific Support	1,491	89	1,580
Criminal Justice	790	101	891
<u>Budgets Managed by the Director of Finance</u>			
Information Systems and Technology	4,341	254	4,595
Business Support Unit	1,804	204	2,008
Fleet Costs	783	47	830
Finance and Procurement	629	42	671
<u>Exceptional Items -</u>			
- Non Current Asset Revaluation	0	1,008	1,008
TOTAL CHIEF CONSTABLE	93,854	8,688	102,542
NET COST OF SERVICES	99,344	9,079	108,423
Other Income and Expenditure	(93,341)	20,513	(72,828)
SURPLUS OR DEFICIT (Before Reserve Transfers)	6,003	29,592	35,595
Transfers from Earmarked Reserves	(6,003)		
SURPLUS OR DEFICIT FOR THE YEAR	0		
Opening General Fund Balance as at 1 st April 2016	(4,500)		
Less Deficit on General Fund Balance in Year	0		
Closing General Fund Balance as at March 2017	(4,500)		

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. The 2016/17 Statement has been restated to reflect changes made to Force Governance Structures and Reporting Arrangements.

Group			Comprehensive Income and Expenditure Statement 2017/18	Note	Commissioner		
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000	
			<u>POLICE AND CRIME COMMISSIONER</u>				
2,483	(579)	1,904	Commissioning and Office Costs		6,085	(4,181)	1,904
4,574	(66)	4,508	Estates		4,574	(66)	4,508
7,057	(645)	6,412	TOTAL POLICE & CRIME COMMISSIONERS OFFICE		10,659	(4,247)	6,412
			<u>CHIEF CONSTABLE</u>				
			<u>Budgets Managed Corporately by the Chief Constable</u>				
1,589	(16)	1,573	Chief Constable's Office		0	(16)	(16)
7,011	(3,991)	3,020	Centrally Managed Corporate Budgets		0	(3,991)	(3,991)
5,439	(6,126)	(687)	Externally Funded National/Regional/Local Services		0	(6,126)	(6,126)
282	0	282	Staff Associations		0	0	0
			<u>Budgets Managed by the Deputy Chief Constable</u>				
3,094	(89)	3,005	People's Services		0	(89)	(89)
4,034	(244)	3,790	Legal, Information, Efficiency, Health & Safety		0	(244)	(244)
993	(34)	959	Retirements, Major Operations and Corporate Communications		0	(34)	(34)
1,509	(2)	1,507	Professional Standards		0	(2)	(2)
			<u>Budgets Managed by the Assistant Chief Constable</u>				
64,864	(527)	64,337	Local Policing		713	(527)	186
30,187	(316)	29,871	Investigations		0	(316)	(316)
1,679	0	1,679	Scientific Support		0	0	0
1,812	(510)	1,302	Criminal Justice		0	(510)	(510)
			<u>Budgets Managed by the Director of Finance</u>				
4,629	(0)	4,629	Information Systems and Technology		0	0	0
2,638	(369)	2,269	Business Support Unit		0	(369)	(369)
1,120	(169)	951	Fleet Costs		0	(169)	(169)
716	(33)	683	Finance and Procurement		0	(33)	(33)
92	0	92	<u>Non-distributed costs</u>		2	0	2
			<u>Exceptional Items -</u>				
187	(790)	(603)	- Abnormal Loads – Windfarms	6	0	(790)	(790)
798	0	798	- Operation Heath	6	0	0	0
132,673	(13,216)	119,457	TOTAL CHIEF CONSTABLE		713	(13,216)	(12,503)
139,730	(13,861)	125,869	COST OF SERVICES		11,372	(17,483)	(6,091)
364	(18,815)	(18,451)	Other Operating Income and Expenditure	13	364	(18,815)	(18,451)
34,325	(955)	33,370	Financing & Investment Income & Expenditure	14	651	(955)	(304)
0	(96,932)	(96,932)	Taxation and non-specific grant income	15	0	(96,932)	(96,932)
0	0	0	Commissioning Costs (Intra-group transfer)		165,634	0	165,634
174,419	(130,563)	43,856	(Surplus)/deficit on Provision of Services		178,021	(134,165)	43,856
		(20)	Surplus or deficit on revaluation of non-current assets	29			(20)
		(167,488)	Actuarial (gains)/losses on pension assets/liabilities	29			(403)
		0	Commissioning Costs (Intra-group transfer)				(167,085)
		(167,508)	Other comprehensive income and expenditure				(167,508)
		(123,652)	Total comprehensive income and expenditure				(123,652)

Group			Comprehensive Income and Expenditure Statement 2016/17 (Restated)	Note	Commissioner		
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
			POLICE AND CRIME COMMISSIONER				
2,993	(973)	2,020	Commissioning and Office Costs		6,139	(4,119)	2,020
3,900	(39)	3,861	Estates		3,900	(39)	3,861
6,893	(1,012)	5,881	TOTAL POLICE & CRIME COMMISSIONERS OFFICE		10,039	(4,158)	5,881
			CHIEF CONSTABLE				
			Budgets Managed Corporately by the Chief Constable				
1,476	(75)	1,401	Chief Constable's Office		0	(75)	(75)
6,708	(3,938)	2,770	Centrally Managed Corporate Budgets		0	(3,938)	(3,938)
6,458	(6,381)	77	Externally Funded National/Regional/Local Services		0	(6,381)	(6,381)
213	0	213	Staff Associations		0	0	0
			Budgets Managed by the Deputy Chief Constable				
2,628	(18)	2,610	People's Services		0	(18)	(18)
2,522	(201)	2,321	Legal, Information, Efficiency, Health & Safety		0	(201)	(201)
816	(46)	770	Retirements, Major Operations and Corporate Communications		0	(46)	(46)
1,135	(3)	1,132	Professional Standards		0	(3)	(3)
			Budgets Managed by the Assistant Chief Constable				
54,707	(571)	54,136	Local Policing		648	(571)	77
25,741	(212)	25,529	Investigations		0	(212)	(212)
1,580	0	1,580	Scientific Support		0	0	0
1,302	(411)	891	Criminal Justice		0	(411)	(411)
			Budgets Managed by the Director of Finance				
4,610	(15)	4,595	Information Systems and Technology		0	(15)	(15)
2,439	(431)	2,008	Business Support Unit		0	(431)	(431)
1,039	(209)	830	Fleet Costs		0	(209)	(209)
703	(32)	671	Finance and Procurement		0	(32)	(32)
			Exceptional Items -				
1,008	0	1,008	- Non Current Assets Revaluation	6	1,008	0	1,008
115,085	(12,543)	102,542	TOTAL CHIEF CONSTABLE		1,656	(12,543)	(10,887)
121,978	(13,555)	108,423	COST OF SERVICES		11,695	(16,701)	(5,006)
0	(14,345)	(14,345)	Other Operating Income and Expenditure	13	0	(14,345)	(14,345)
36,781	(1,513)	35,268	Financing & Investment Income & Expenditure	14	868	(1,513)	(645)
0	(93,751)	(93,751)	Taxation and non-specific grant income	15	0	(93,751)	(93,751)
0	0	0	Commissioning Costs (intra-group transfer)		149,342	0	149,342
158,759	(123,164)	35,595	(Surplus)/deficit on Provision of Services		161,905	(126,310)	35,595
		(7,742)	Surplus or deficit on revaluation of non-current assets	29			(7,742)
		271,601	Actuarial (gains)/losses on pension assets/liabilities	29			178
		0	Commissioning Costs (intra-group transfer)				271,423
		263,859	Other comprehensive Income and expenditure				263,859
		299,454	Total comprehensive Income and expenditure				299,454

Movement in Reserves Statement Financial Year 2017/18

	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	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	£'000
Balance at 31 st March 2017 carried forward		4,500	6,672	15,183	(1)	879	27,233	20,709	58,926	91	84	(368)	(1,312,884)	(1,233,242)	(1,208,008)
Movement in reserves during 2017/18:															
Surplus or (deficit) on the provision of services	CIES	(43,856)	0	0	0	0	(43,856)	0	0	0	0	0	0	0	(43,856)
Other Comprehensive Income and Expenditure	CIES	0	0	0	0	0	0	20	0	0	0	0	167,489	167,509	167,509
Total Comprehensive Income and Expenditure		(43,856)	0	0	0	0	(43,856)	20	0	0	0	0	167,489	167,509	123,652
Adjustments between accounting basis and funding basis under Regulations	11	37,231	0	0	1	(129)	37,103	(475)	677	(68)	(88)	(157)	(36,983)	(37,104)	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves		(6,625)	0	0	1	(129)	(6,753)	(455)	677	(68)	(68)	(157)	130,496	130,405	123,652
Transfers to/from earmarked reserves	12	6,157	(2,616)	(3,541)	0	0	0	0	0	0	0	0	0	0	0
Increase/(Decrease) In 2017/18		(468)	(2,616)	(3,541)	1	(129)	(6,753)	(455)	677	(68)	(68)	(157)	130,496	130,405	123,652
Balance at 31 st March 2018 carried forward		4,032	4,056	11,642	0	750	20,480	20,254	59,603	23	(4)	(525)	(1,182,188)	(1,102,837)	(1,082,357)

Financial Year 2016/17

	Statement /Note	General Fund Balance	Earmarked Reserves	Earmarked Capital Reserve	Capital Receipts 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 Reserves	Total Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 st March 2016 carried forward		4,500	9,174	18,683	0	505	32,862	13,253	59,262	205	165	(503)	(1,011,619)	(939,417)	(906,555)
Movement in reserves during 2016/17:															
Surplus or (deficit) on the provision of services	CIES	(35,595)	0	0	0	0	(35,595)	0	0	0	0	0	0	0	(35,595)
Other Comprehensive Income and Expenditure	CIES	0	0	0	0	0	0	7,742	0	0	0	0	(271,601)	(263,859)	(263,859)
Total Comprehensive Income and Expenditure		(35,595)	0	0	0	0	(35,595)	7,742	0	0	0	0	(271,601)	(263,859)	(263,859)
Adjustments between accounting basis and funding basis under Regulations		29,592	0	0	(1)	374	29,965	(285)	(357)	(114)	(81)	135	(29,263)	(29,965)	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves		(6,003)	0	0	(1)	374	(5,630)	7,457	(357)	(114)	(81)	135	(300,864)	(293,824)	(299,454)
Transfers to/from earmarked reserves		6,003	(2,502)	(3,500)	0	0	0	0	0	0	0	0	0	0	0
Increase/(Decrease) in 2016/17		0	(2,502)	(3,500)	(1)	374	(5,630)	7,457	(357)	(114)	(81)	135	(300,864)	(293,824)	(299,454)
Balance at 31 st March 2017 carried forward		4,500	6,671	15,183	(1)	878	27,233	20,708	59,925	91	84	(368)	(1,312,684)	(1,233,242)	(1,206,099)

Balance Sheet

Group 2016/17	Commissioner 2016/17		Note	Group 2017/18	Commissioner 2017/18
£'000	£'000			£'000	£'000
73,728	73,728	Property, plant & equipment	16	73,892	73,892
4,233	4,233	Investment property	16	3,904	3,904
177	177	Intangible assets	16 & 19	94	944
1,497	1,497	Surplus Assets	16	54	54
6,580	6,580	Long term investments	21	6,538	6,538
23	23	Long term debtors	20	0	0
86,238	86,238	Long term assets		84,482	84,482
22,341	22,341	Short term investments	21	16,189	16,189
429	0	Inventories	22	459	0
		Assets held for sale	25	1,913	1,913
7,126	6,835	Short term debtors	23	7,650	6,937
2,209	2,209	Cash and cash equivalents	24	2,428	2,428
0	720	Intra-group transfer		0	1,172
32,105	32,105	Current assets		28,639	28,639
(172)	(172)	Short term borrowing	21	(189)	(189)
(7,731)	(2,551)	Short term creditors	26	(9,652)	(2,741)
(782)	(782)	Short term provisions	27	(665)	(665)
0	(5,180)	Intra - group transfer		0	(6,911)
(8,685)	(8,685)	Current liabilities		(10,506)	(10,506)
0	(1,312,506)	Long term creditors	21	0	(1,182,591)
(2,138)	(2,138)	Long term borrowing	21	(1,947)	(1,947)
(1,312,684)	(178)	Other long term liabilities	21	(1,182,188)	403
(845)	(845)	Long term provisions	27	(837)	(837)
(1,315,667)	(1,315,667)	Long term liabilities		(1,184,972)	(1,184,972)
(1,206,009)	(1,206,009)	Net assets/liabilities		(1,082,357)	(1,082,357)
(27,233)	(27,233)	Usable reserves	28	(20,480)	(20,480)
1,233,242	1,233,242	Unusable reserves	29	1,102,837	1,102,837
1,206,009	1,206,009	Total reserves		1,082,357	1,082,357

Cash Flow Statement

Group 2016/17	Commissioner 2016/17		Note	Group 2017/18	Commissioner 2017/18
£'000	£'000			£'000	£'000
35,595	35,595	Net (surplus) or deficit on the provision of services	CIES	43,856	43,856
(32,243)	(32,243)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	30	(43,551)	(43,551)
1,174	1,174	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	30	519	519
4,526	4,526	Net cash flows from Operating Activities	30	824	824
(4,341)	(4,341)	Investing Activities	31	(1,417)	(1,417)
(473)	(473)	Financing Activities	32	374	374
(288)	(288)	Net Increase or decrease in cash and cash equivalents	24	(219)	(219)
1,921	1,921	Cash and cash equivalents at the beginning of the reporting period	24	2,209	2,209
2,209	2,209	Cash and cash equivalents at the end of the reporting period	24	2,428	2,428

Police Pension Fund

Group 2016/17	Commissioner 2016/17	Fund Account	Group 2017/18	Commissioner 2017/18
£'000	£'000		£'000	£'000
		Contributions receivable:		
(10,236)	0	• Employer contributions	(10,462)	0
(373)	0	• Other Income	(441)	0
(5,770)	0	Officers' contributions	(5,855)	0
(16,379)	0		(16,758)	0
78	0	Transfers in from other pension funds	(46)	0
		Benefits payable:		
23,273	0	• Pensions	24,823	0
7,266	0	• Commutations and lump sum retirement benefits	10,053	0
30,637	0		34,830	0
		Payments to and on account of leavers:		
(58)	0	• Transfers out to other pension funds	0	0
5	0	• Refunds of contributions	5	0
20	0	• Scheme Pays tax payments	500	0
(33)	0		505	0
14,225	(14,225)	Net amount payable for the year	18,577	(18,577)
(14,225)	14,225	Additional contribution from the Police Fund (re Home Office Grant)	(18,577)	18,577
0	0		0	0

Group 2016/17	Commissioner 2016/17	Net Assets Statement	Group 2017/18	Commissioner 2017/18
£'000	£'000		£'000	£'000
		Current Assets		
0	0	Deficit due	0	0
0	0		0	0
		Current Liabilities		
0	0	Surplus owed	0	0
0	0		0	0
0	0		0	0

Notes to the Accounts

1. Accounting policies

General Principles

The Statement of Accounts summarises the Group's transactions for the 2017/18 financial year and its position at the year-end of 31st March 2018. The Commissioner is required to prepare an annual Statement of Accounts for himself and the Group by the Accounts and Audit (Wales) Regulations 2014 (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 2017/18 and the Service Reporting Code of Practice 2017/18, 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 service segments in accordance with the Group's arrangements for accountability and financial performance.

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;
- Operational Buildings – depreciated replacement cost;
- Surplus assets / Assets Held For Sale – Fair value – reviewed annually;
- Investment Properties – fair value (or reviewed annually or every five years);
- 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.

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

Modification of Force Governance Structures and Reporting Arrangements

During 2017/18, the Chief Officer Group and Senior Leadership Team portfolios have been amended and this has resulted in some changes being made to the Group's internal reporting structures. The Service Analysis in the Comprehensive Income and Expenditure Statement (CIES) and the Expenditure and Funding Analysis (EFA) is based on the reporting structure therefore the changes need to be reflected in both of these Statements for 2017/18. Due to the significance of these changes, the 2016/17 prior year figures are required to be restated for comparative purposes. The table on the following page summarises these changes.

Restructuring

During the year the Force has amalgamated the previous three Director positions into one Director of Finance position and has reallocated the responsibilities of:

- the former Director of Resources (Column A),

- the former Director of Legal and Compliance (Column B), amongst the three positions of Assistant Chief Constable, Deputy Chief Constable and Director of Finance. These changes have been reflected in the table below under the appropriate Column.

Changes in Reporting Arrangements

The Comprehensive Income and Expenditure Statement and the Expenditure and Funding Analysis has also been changed to reflect the latest reporting arrangements. These also provide a more detailed and meaningful breakdown across Directorate headings. The main changes are:

- Corporate Communications that previously reported directly into the Chief Constable now reports into the Deputy Chief Constable (Column C),
- Income in respect of Police Led Prosecutions previously reported against the Centrally Managed Corporate Budget has now been allocated to the Criminal Justice heading (Column D),
- a breakdown split of the Finance Directorate into component Departments (Column E),
- the transfer of responsibility for Estates from the Chief Constable (Resources) to the Commissioner and other minor changes (Column A & F).

	Cost of Services 2016/17 (previous)	Restructuring		Changes In Reporting Arrangements				Cost of Services 2016/17 (restated)
		Resources (Column A)	Legal and Compliance (Column B)	Chief Constable's Budget (Column C)	Police Led Prosecutions (Column D)	Finance Split (Column E)	Other (Column F)	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Commissioning and Office Costs	2,020	0	0	0	0	0	0	2,020
Estates	0	3,861	0	0	0	0	0	3,861
Chief Constable's Office	2,168	0	0	(767)	0	0	0	1,401
Centrally Managed Corporate Budgets	2,434	0	0	0	328	0	8	2,770
Externally Funded National/Regional/Local Services	80	0	0	0	0	0	(3)	77
Staff Associations	212	0	0	0	0	0	1	213
Resources Directorate	9,028	(9,028)	0	0	0	0	0	0
Legal and Compliance Directorate	1,884	0	(1,884)	0	0	0	0	0
People's Services	0	2,610	0	0	0	0	0	2,610
Legal, Information, Efficiency, Health & Safety	0	456	1,865	0	0	0	0	2,321
Retirements, Major Operations and Communications	0	0	0	770	0	0	0	770
Professional Standards	1,131	0	0	0	0	0	1	1,132
Local Policing	54,073	63	0	0	0	0	0	54,136
Investigations	25,499	30	0	0	0	0	0	25,529
Scientific Support	1,578	0	0	0	0	0	2	1,580
Criminal Justice	1,219	0	0	0	(328)	0	0	891
Finance Directorate	6,089	0	0	0	0	(6,089)	0	0
Information Systems and Technology	0	0	0	0	0	4,595	0	4,595
Business Support Unit	0	2,008	0	0	0	0	0	2,008
Fleet Costs	0	0	0	0	0	830	0	830
Finance and Procurement	0	0	0	0	0	671	0	671
Exceptional Items	1,008	0	0	0	0	0	0	1,008
COST OF SERVICES	108,423	0	(19)	3	0	7	9	108,423

The impact of the above changes on the 2016/17 Group Statements and Notes is shown below:

Group Comprehensive Income and Expenditure Statement (CIES)

2016/17 (previous)				2016/17 (Restated)		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
2,993	(973)	2,020	Commissioning and Office Costs	2,993	(973)	2,020
0	0	0	Estates	3,900	(39)	3,861
2,289	(121)	2,168	Chief Constable's Office	1,476	(75)	1,401
6,694	(4,260)	2,434	Centrally Managed Corporate Budgets	6,708	(3,938)	2,770
6,460	(6,380)	80	Externally Funded National/Regional/Local Services	6,458	(6,381)	77
212	0	212	Staff Associations	213	0	213
9,516	(488)	9,028	Resources Directorate	0	0	0
2,085	(201)	1,884	Legal and Compliance Directorate	0	0	0
0	0	0	People's Services	2,628	(18)	2,610
0	0	0	Legal, Information, Efficiency, Health & Safety	2,522	(201)	2,321
0	0	0	Retirements, Major Operations and Communications	816	(46)	770
1,134	(3)	1,131	Professional Standards	1,135	(3)	1,132
54,644	(571)	54,073	Local Policing	54,707	(571)	54,136
25,710	(211)	25,499	Investigations	25,741	(212)	25,529
1,578	0	1,578	Scientific Support	1,580	0	1,580
1,310	(91)	1,219	Criminal Justice	1,302	(411)	891
6,345	(256)	6,089	Finance Directorate	0	0	0
0	0	0	Information Systems and Technology	4,610	(15)	4,595
0	0	0	Business Support Unit	2,439	(431)	2,008
0	0	0	Fleet Costs	1,039	(209)	830
0	0	0	Finance and Procurement	703	(32)	671
1,008	0	1,008	Exceptional Items	1,008	0	1,008
121,978	(13,555)	108,423	NET COST OF SERVICES	121,978	(13,555)	108,423

Expenditure and Funding Analysis (EFA)

2016/17 (previous)				2016/17 (Restated)		
Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis (Note 8 explains these adjustments)	Net Expenditure In the CIES		Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis (Note 8 explains these adjustments)	Net Expenditure In the CIES
£'000	£'000	£'000		£'000	£'000	£'000
1,982	38	2,020	Commissioning and Office Costs	1,659	361	2,020
0	0	0	Estates	3,831	30	3,861
2,015	153	2,168	Chief Constable's Office	1,280	121	1,401
5,379	(2,945)	2,434	Centrally Managed Corporate Budgets	5,702	(2,932)	2,770
80	0	80	Externally Funded National/Regional/Local Services	77	0	77
190	22	212	Staff Associations	190	23	213
8,141	867	9,028	Resources Directorate	0	0	0
1,758	126	1,884	Legal and Compliance Directorate	0	0	0
0	0	0	People's Services	2,425	185	2,610
0	0	0	Legal, Information, Efficiency, Health & Safety	2,160	161	2,321
0	0	0	Retirements, Major Operations and Communications	734	36	770
1,021	110	1,131	Professional Standards	1,021	111	1,132
47,544	6,529	54,073	Local Policing	47,544	6,592	54,136
22,883	2,616	25,499	Investigations	22,883	2,646	25,529
1,491	87	1,578	Scientific Support	1,491	89	1,580
1,109	110	1,219	Criminal Justice	790	101	891
5,751	338	6,089	Finance Directorate	0	0	0
0	0	0	Information Systems and Technology	4,341	254	4,595
0	0	0	Business Support Unit	1,804	204	2,008
0	0	0	Fleet Costs	783	47	830
0	0	0	Finance and Procurement	629	42	671
0	1,008	1,008	Exceptional Items	0	1,008	1,008
99,344	9,079	108,423	COST OF SERVICES	99,344	9,079	108,423

Note 8 – Note to the Expenditure and Funding Analysis

2016/17 (previous)				2016/17 (Restated)		
Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	ADJUSTMENTS FROM GENERAL FUND TO ARRIVE AT THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT AMOUNTS	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences
£'000	£'000	£'000		£'000	£'000	£'000
0	38	0	Commissioning and Office Costs	0	38	323
0	0	0	Estates	0	30	0
65	88	0	Chief Constable's Office	44	77	0
(3,394)	585	(136)	Centrally Managed Corporate Budgets	(3,381)	585	(136)
0	0	0	Externally Funded National/Regional/Local Services	0	0	0
6	16	0	Staff Associations	7	16	0
275	289	323	Resources Directorate	0	0	0
57	69	0	Legal and Compliance Directorate	0	0	0
0	0	0	People's Services	49	136	0
0	0	0	Legal, Information, Efficiency, Health & Safety	72	89	0
0	0	0	Retirements, Major Operations and Communications	24	12	0
34	76	0	Professional Standards	35	76	0
2,255	4,274	0	Local Policing	2,317	4,275	0
766	1,850	0	Investigations	797	1,849	0
47	40	0	Scientific Support	49	40	0
37	73	0	Criminal Justice	28	73	0
183	155	0	Finance Directorate	0	0	0
0	0	0	Information Systems and Technology	143	111	0
0	0	0	Business Support Unit	100	104	0
0	0	0	Fleet Costs	26	21	0
0	0	0	Finance and Procurement	21	21	0
1,008	0	0	Exceptional Items	1,008	0	0
1,339	7,553	187	NET COST OF SERVICES	1,339	7,553	187

Note 9 - Segmental Income

	2016/17 (Previous)	2016/17 (Restated)
	Income from Services	Income from Services
	£'000	£'000
Commissioning and Office Costs	(292)	(292)
Estates	0	(678)
Chief Constable's Office	0	0
Centrally Managed Corporate Budgets	(750)	(750)
Externally Funded National/Regional/Local Services	0	0
Staff Associations	0	0
Resources Directorate	(1,067)	0
Legal and Compliance Directorate	(181)	0
People's Services	0	(15)
Legal, Information, Efficiency, Health & Safety	0	(181)
Retirements, Major Operations and Communications	0	0
Professional Standards	0	0
Local Policing	0	0
Investigations	0	0
Scientific Support	0	0
Criminal Justice	(321)	(362)
Finance Directorate	(191)	0
Information Systems and Technology	0	0
Business Support Unit	0	(374)
Fleet Costs	0	(191)
Finance and Procurement	0	0
Exceptional Items	0	0
Total (significant) revenues received from External Customers	(2,802)	(2,843)

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 2018:

- IFRS 9 *Financial Instruments*
- IFRS 15 *Revenue from Contracts with Customers* including amendments to IFRS 15 *Clarifications to IFRS 15 Revenue from Contracts with Customers*
- Amendments to IAS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses*
- Amendments to IAS 7 *Statement of Cash Flows: Disclosure Initiative*.

The impact of the above changes on the Financial Statements is not known, however, in the Financial Statements for 2018/19, the effect of the changes will be assessed and if necessary, the comparative figures restated.

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.

- 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 2017/18 accounts. This is made up of the maximum liability amount of £608,900, less the two payments that have been made.

- Police Pension Legal Challenge - Career Average Revalued Earnings.

The Chief Constable of Dyfed-Powys, along with other Chief Constables and the Home Office, have a number of claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015.

Claims of unlawful discrimination have also been made in relation to the changes to the Judiciary and Firefighters Pension regulations and in 2016/17 these claims were heard in the Employment Tribunal.

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

Given the fact that the Judiciary and Firefighter claims are subject to further appeal and the Police claims are yet to be heard, and the uncertainty regarding remedy and quantum at this point in time it is not possible to provide an estimate of the financial effect in the event that the claims are partially or fully successful. Therefore it has been

assessed that the Chief Constable has no liability at the Balance Sheet date and for these reasons, no provision has been made in the 2017/18 Accounting Statements.

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 2018 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 16/17 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 £100k 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 flex 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 2018 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 £160k.</p>
Insurance Provision	<p>The Commissioner has provided £380k 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 £15.8k 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 £1.152 million.</p>
Ill Health Retirement Provision	<p>The Commissioner has provided £76k for one Officer who is 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 more than anticipated, the liability would be approximately £76k more.</p>

6. Material items of Income and expense

Abnormal Loads - Windfarms (Gross Expenditure 187k and Gross Income -£790k)

Between June 2017 and November 2017, Dyfed-Powys Police were involved in four major operations to escort the development of major wind farms across the Force area. Each operation required significant commitments over many weeks from the Roads Policing Unit. Formal contractual agreements were put in place which included the financial arrangements for charging for special policing services.

It should be noted that in the Comprehensive Income and Expenditure Statement, the Gross Expenditure figure shown against the heading 'Exceptional Items (Abnormal Loads – Windfarms)' does not include the cost of Officer's Basic Salaries whilst employed on the operation. These costs are reflected against the service headings.

Operation Heath (Gross Expenditure £798k)

Operation Heath was the operational name given to the investigation of a fatal fire that occurred at Pointyn Farm, Llangammarch Wells, Powys on 30th October 2017. This catastrophic fire resulted in the deaths of a father and 5 of his children. A Disaster Victim Identification (DVI) process was instigated which involved staff from Dyfed Powys, South Wales and Gwent Police Forces. The subsequent scene investigation and body recovery process lasted for a period of 6 weeks. The police investigation into the cause of the fire continues and an inquest is pending.

7. Events after the Balance Sheet Date

Police Staff Pay Award

In May 2018, Police Staff members of UNISON, UNITE and GMB voted unanimously to accept the 2017 pay offer. The pay award includes the following elements:

- An increase of 1.0% on all pay points backdated to 1 September 2017 (estimated cost £156k);
- A non-consolidated payment to the value of 1.0% of basic pay on all pay points paid as a one-off lump sum (estimated cost £215k);

The pay award is to be paid in May and members will receive 7 months back pay in relation to the 1% increase in their basic pay from 1 September 2017.

The estimated costs of the Pay Award have been accrued into 2017/18 and included in the Comprehensive Income and Expenditure Statement against the individual service headings.

This has been treated as an Event after the Balance Sheet Date as the pay offer was not formally accepted until after 31st March 2018.

8. Note to the Expenditure and Funding Analysis

This note presents further detail in support of the Expenditure and Funding Analysis and provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

2017/18

ADJUSTMENTS FROM GENERAL FUND TO ARRIVE AT THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT AMOUNTS	Adjustments for Capital Purposes (Column A)	Net change for the Pensions Adjustments (Column B)	Other Differences (Column C)	Total Adjustments
	£'000	£'000	£'000	£'000
<u>POLICE AND CRIME COMMISSIONER</u>				
Commissioning and Office Costs	0	105	0	105
Estates	0	90	483	573
TOTAL POLICE & CRIME COMMISSIONERS OFFICE	0	195	483	678
<u>CHIEF CONSTABLE</u>				
<u>Budgets Managed Corporately by the Chief Constable</u>				
Chief Constable's Office	48	248	0	296
Centrally Managed Corporate Budgets	(4,023)	994	109	(2,920)
Externally Funded National/Regional/Local Services	(16)	0	0	(16)
Staff Associations	9	56	0	65
<u>Budgets Managed by the Deputy Chief Constable</u>				
People's Services	91	408	0	499
Legal, Information, Efficiency, Health & Safety	115	444	0	559
Retirements, Major Operations and Communications	29	55	0	84
Professional Standards	46	269	0	315
<u>Budgets Managed by the Assistant Chief Constable</u>				
Local Policing	2,632	12,641	0	15,273
Investigations	903	5,489	0	6,392
Scientific Support	51	124	0	175
Criminal Justice	39	256	0	295
<u>Budgets Managed by the Director of Finance</u>				
Information Systems and Technology	140	261	0	401
Business Support Unit	69	293	0	362
Fleet Costs	29	58	0	87
Finance and Procurement	21	62	0	83
<u>Non-distributed costs</u>	0	0	0	0
<u>Exceptional Items -</u>				
- Abnormal Loads – Windfarms	0	0	0	0
- Operation Heath	0	0	0	0
TOTAL CHIEF CONSTABLE	183	21,856	109	21,950
NET COST OF SERVICES	183	21,853	592	22,628
Other Income and Expenditure	(191)	15,140	(346)	14,603
SURPLUS OR DEFICIT FOR THE YEAR	(8)	36,993	246	37,231

POLICE & CRIME COMMISSIONER FOR DYFED POWYS

2016/17 (Restated)

ADJUSTMENTS FROM GENERAL FUND TO ARRIVE AT THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT AMOUNTS	Adjustments for Capital Purposes (Column A)	Net change for the Pensions Adjustments (Column B)	Other Differences (Column C)	Total Adjustments
	£'000	£'000	£'000	£'000
<u>POLICE AND CRIME COMMISSIONER</u>				
Commissioning and Office Costs	0	38	323	361
Estates	0	30	0	30
TOTAL POLICE & CRIME COMMISSIONERS OFFICE	0	68	323	391
<u>CHIEF CONSTABLE</u>				
<u>Budgets Managed Corporately by the Chief Constable</u>				
Chief Constable's Office	44	77	0	121
Centrally Managed Corporate Budgets	(3,381)	585	(136)	(2,932)
Externally Funded National/Regional/Local Services	0	0	0	0
Staff Associations	7	16	0	23
<u>Budgets Managed by the Deputy Chief Constable</u>				
People's Services	49	136	0	185
Legal, Information, Efficiency, Health & Safety	72	89	0	161
Retirements, Major Operations and Communications	24	12	0	36
Professional Standards	35	76	0	111
<u>Budgets Managed by the Assistant Chief Constable</u>				
Local Policing	2,317	4,275	0	6,592
Investigations	797	1,849	0	2,646
Scientific Support	49	40	0	89
Criminal Justice	28	73	0	101
<u>Budgets Managed by the Director of Finance</u>				
Information Systems and Technology	143	111	0	254
Business Support Unit	100	104	0	204
Fleet Costs	26	21	0	47
Finance and Procurement	21	21	0	42
<u>Exceptional Items -</u>				
Non Current Asset Revaluation	1,008	0	0	1,008
TOTAL CHIEF CONSTABLE	1,339	7,485	(136)	8,688
NET COST OF SERVICES	1,339	7,553	187	9,079
Other Income and Expenditure	(957)	21,711	(241)	20,513
SURPLUS OR DEFICIT FOR THE YEAR	382	29,264	(54)	29,592

Column A - Adjustments for Capital Purposes

- **For Services** – adds in depreciation, impairment and revaluation gains and losses. Statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from services as these are not chargeable under generally accepted accounting practices. Capital grants are adjusted for income not chargeable under generally accepted accounting practices.
- **For Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Column B - Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS19 *Employee Benefits* pension related expenditure and income:

- **For Services** – this represents the removal of the employer pension contributions made by the Group as allowed by statute and the replacement with current service costs and past service costs.
- **For Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the CIES.
- **For Other Operating income and expenditure** – the Home Office Pensions 'Top Up ' Grant is credited to the CIES.

Column C – Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- **For Services** – adjusted by the 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.
- **For Financing and investment income and expenditure** – adjusted by the amount by which finance costs charged to the Comprehensive Income and Expenditure Statement in relation to Financial Instruments differ from finance costs chargeable in the year in accordance with statutory requirements.
- A number of presentational adjustments have also been made between Services and Other Income and Expenditure (i.e. above and below the line). Overall, these adjustments have a nil effect.

9. Segmental Income

This note provides a segmental analysis of significant revenues received from external customers:

	2016/17 (Restated)	2017/18
	Income from Services	Income from Services
	£'000	£'000
Commissioning and Office Costs	(292)	(176)
Estates	(678)	(800)
Chief Constable's Office	0	0
Centrally Managed Corporate Budgets	(750)	(312)
Externally Funded National/Regional/Local Services	0	0
Staff Associations	0	0
People's Services	(15)	(32)
Legal, Information, Efficiency, Health & Safety	(181)	(219)
Retirements, Major Operations and Communications	0	(816)
Professional Standards	0	0
Local Policing	0	0
Investigations	0	0
Scientific Support	0	0
Criminal Justice	(362)	(258)
Information Systems and Technology	0	0
Business Support Unit	(374)	(343)
Fleet Costs	(191)	(146)
Finance and Procurement	0	0
Total (significant) revenues received from External Customers.	(2,843)	(3,102)

10. Expenditure and Income Analysed by Nature

This note shows how the Group's expenditure and income is analysed:

	2016/17	2017/18
	£'000	£'000
EXPENDITURE		
Employee Costs	92,135	98,549
Pension Past Service Costs	0	5
Pension Curtailment Costs	0	42
Pension Current Service Costs	5,945	17,697
Pension Interest Cover	35,936	33,716
Premises Costs	3,869	3,943
Transport Costs	1,945	1,930
Supplies and Services	8,727	8,479
Agency and Contracted Services	4,912	4,307
Exceptional Items:		
Non-Current Asset Revaluations	1,008	0
Abnormal Loads – Windfarms	0	(803)
Operation Heath	0	798
Capital Financing Costs	(295)	(361)
Depreciation and amortisation	3,795	4,308
Gain/Loss on disposal of non-current assets	(120)	58
Interest payments	224	208
Total Expenditure	158,081	173,076

	2016/17	2017/18
	£'000	£'000
INCOME		
Fees, Charges & Other Income	(7,213)	(6,156)
Government Grants & Contributions	(71,943)	(75,761)
Income from Council Tax	(43,330)	(47,303)
Total Income	(122,486)	(129,220)
SURPLUS/DEFICIT ON PROVISION OF SERVICES	35,595	43,856

11. 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.

POLICE & CRIME COMMISSIONER FOR DYFED POWYS

2017/18	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	4,233	0	0	4,233	(475)	(3,758)	0	0	0	0	(4,233)	0
Revaluation losses on property, plant and equipment	(200)	0	0	(200)	0	200	0	0	0	0	200	0
Amortisation of intangible assets	83	0	0	83	0	(83)	0	0	0	0	(83)	0
Capital grants and contributions applied	(318)	0	0	(318)	0	318	0	0	0	0	318	0
Movement in the Donated Assets Account	0	0	0	0	0	0	0	0	0	0	0	0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	364	0	0	364	0	(364)	0	0	0	0	(364)	0
Insertion of items not debited or credited to the CIES:												
Capital expenditure charged against the General Fund	(3,930)	0	0	(3,930)	0	3,930	0	0	0	0	3,930	0
Adjustments primarily involving the Capital grants unapplied account												
Capital grants and contributions unapplied credited to CIES	0	0	0	0	0	0	0	0	0	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	(129)	0	(129)	0	129	0	0	0	0	129	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	(239)	0	306	68	0	0	(68)	0	0	0	(68)	0
Use of Capital receipts reserve to finance new capital expenditure	0	0	(306)	(306)	0	306	0	0	0	0	306	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	88	0	0	88	0	0	0	(88)	0	0	(88)	0
Adjustments primarily involving the Pensions reserve												
Reversal of items relating to retirement benefits debited or credited to the CIES	(18,577)	0	0	(18,577)	0	0	0	0	0	18,577	18,577	0
Employer's pensions contributions and direct payments to pensioners payable in the year	55,570	0	0	55,570	0	0	0	0	0	(55,570)	(55,570)	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	157	0	0	157	0	0	0	0	(157)	0	(157)	0
Total adjustments	37,231	(129)	1	37,103	(475)	677	(88)	(88)	(157)	(36,993)	(37,103)	0

12. 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 2017/18.

Reserve	Note	Balance at 31 st March 2017	Reclassificatio ns 2017/18	Transfers out 2017/18	Transfers in 2017/18	Balance at 31 st March 2018
		£'000	£'000	£'000	£'000	£'000
Earmarked and Ringfenced Revenue Reserves	28	6,383	0	(3,216)	600	3,767
'Go Safe' Revenue Reserve *	28	289	0	0	0	289
Earmarked Capital Reserves	28	14,673	(339)	(3,882)	0	10,452
'Go Safe' Capital Reserve *	28	510	0	0	680	1,190
Total		21,855	(339)	(7,098)	1,280	15,098

*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 33 'Agency Services' for further information

13. Other operating income and expenditure

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

Group 2016/17	Commissioner 2016/17		Group 2017/18	Commissioner 2017/18
£'000	£'000		£'000	£'000
(120)	(120)	(Gain)/Loss on the disposal of non-current assets	126	126
(14,225)	(14,225)	Home Office Police Officers Pensions top-up grant	(18,577)	(18,577)
(14,345)	(14,345)	Total	(18,451)	(18,451)

14. 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 2016/17	Commissioner 2016/17	Note	Group 2017/18	Commissioner 2017/18
£'000	£'000		£'000	£'000
224	224	Interest payable and similar charges	208	208
35,936	23	Net interest on the net defined benefit liability	33,716	42
114	114	Other investment Expenditure – Helicopter Deferred Capital Receipt	0	0
(222)	(222)	Interest receivable and similar income	(159)	(159)
(323)	(323)	Income and expenditure in relation to investment properties and changes in their fair value	(483)	(483)
(542)	(542)	Specific capital grants available during the year	0	0
81	81	Loss on revaluation (available for sale financial instruments)	88	88
35,268	(645)	Total	33,370	(304)

15. Taxation and non-specific grant incomes

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

Group 2016/17	Commissioner 2016/17		Note	Group 2017/18	Commissioner 2017/18
£'000	£'000			£'000	£'000
(43,330)	(43,330)	Council tax income		(47,303)	(47,303)
(8,277)	(8,277)	National Non Domestic Rates (NNDR)		(8,934)	(8,934)
(41,734)	(41,734)	Non ring fenced government grants	37	(40,378)	(40,378)
(410)	(410)	Capital grants and contributions	37	(317)	(317)
(93,751)	(93,751)	Total		(96,932)	(96,932)

16. Property, plant and equipment
Movement on balances in financial year 2017/18:

	Land	Buildings	Boat	Vehicles	Equipment	TOTAL PROPERTY, PLANT & EQUIPMENT	Masts	Buildings	TOTAL INVESTMENT PROPERTIES	TOTAL SURPLUS ASSETS	TOTAL INTANGIBLE ASSETS	TOTAL NON CURRENT ASSETS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 st April 2017	4,195	62,304	314	7,561	19,244	93,618	3,017	1,716	4,733	1,497	270	100,118
Additions	0	1,798	0	1,122	1,762	4,682	0	0	0	0	0	4,682
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	309	0	0	0	309	0	(289)	(289)	0	0	20
Revaluation increases/(decreases) recognised in surplus/deficit on the Provision of Services	0	(662)	0	0	0	(662)	0	(40)	(40)	0	0	(702)
Derecognition – disposals	0	0	(20)	(935)	(43)	(998)	0	0	0	0	0	(998)
Other movements in cost or valuation	0	0	0	0	0	0	0	0	0	0	0	0
Assets reclassified	0	13	0	0	0	13	0	0	0	(1,437)	0	(1,424)
At 31st March 2018	4,195	63,762	294	7,748	20,963	96,962	3,017	1,387	4,404	60	270	101,696
Accumulated depreciation and impairment at 1 st April 2016	0	0	(38)	(4,235)	(15,617)	(19,890)	(500)	0	(500)	0	(93)	(20,483)
Depreciation charge	0	(1,261)	(22)	(1,209)	(1,171)	(3,663)	0	0	0	(5)	(83)	(3,751)
Depreciation written out to Revaluation Reserve	0	(468)	0	0	0	(468)	0	0	0	(1)	0	(469)
Derecognition disposals	0	0	7	901	43	951	0	0	0	0	0	951
Accumulated depreciation and impairment at 31 st March 2018	0	(1,729)	(53)	(4,543)	(16,745)	(23,070)	(500)	0	(500)	(6)	(176)	(23,752)
Net book value - at 31 st March 2018	4,195	62,033	241	3,205	4,218	73,892	2,517	1,387	3,904	54	94	77,944
Net book value - at 31 st March 2017	4,195	62,304	276	3,326	3,627	73,728	2,517	1,716	4,233	1,497	177	79,635

POLICE & CRIME COMMISSIONER FOR DYFED POWYS

Movement on balances in financial year 2016/17:

	Land	Buildings	Boat	Vehicles	Equipment	TOTAL PROPERTY, PLANT & EQUIPMENT	Masts	Houses	Buildings	TOTAL INVESTMENT PROPERTIES	TOTAL SURPLUS ASSETS	TOTAL INTANGIBLE ASSETS	TOTAL NON CURRENT ASSETS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1st April 2016	4,320	58,458	192	7,486	20,218	90,674	3,101	320	1,843	5,264	1,040	584	97,562
Additions	0	1,131	122	1,289	1,526	4,068	0	0	0	0	186	0	4,254
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	7,562	0	0	0	7,562	4	0	30	34	152	0	7,748
Revaluation increases/(decreases) recognised in surplus/deficit on the Provision of Services	(75)	(536)	0	0	0	(611)	(88)	0	(157)	(245)	(92)	0	(948)
Derecognition – disposals	0	0	0	(1,214)	(2,500)	(3,714)	0	0	0	0	0	(314)	(4,028)
Other movements in cost or valuation	25	22	0	0	0	47	0	0	0	0	(115)	0	(68)
Assets reclassified	(75)	(116)	0	0	0	(191)	0	(135)	0	(135)	326	0	0
Write off of Accumulated Depreciation on revaluation	0	(4,217)	0	0	0	(4,217)	0	0	0	0	0	0	(4,217)
At 31st March 2017	4,195	62,304	314	7,561	19,244	93,618	3,017	185	1,716	4,918	1,497	270	100,303
Accumulated depreciation and impairment at 1 st April 2016	0	(2,667)	(24)	(4,299)	(17,029)	(24,019)	(500)	(185)	0	(685)	0	(324)	(25,028)
Depreciation charge	0	(1,265)	(14)	(1,119)	(1,027)	(3,425)	0	0	0	0	0	(63)	(3,508)
Depreciation written out to Revaluation Reserve	0	(285)	0	0	0	(285)	0	0	0	0	0	0	(285)
Write off of accumulated depreciation on revaluation	0	4,217	0	0	0	4,217	0	0	0	0	0	0	4,217
Derecognition disposals	0	0	0	1,183	2,439	3,622	0	0	0	0	0	314	3,936
Accumulated depreciation and impairment at 31 st March 2017	0	0	(38)	(4,235)	(15,617)	(19,890)	(500)	(185)	0	(685)	0	(93)	(20,688)
Net book value - at 31st March 2017	4,195	62,304	276	3,326	3,627	73,728	2,517	0	1,716	4,233	1,497	177	79,635
Net book value - at 31st March 2016	4,320	55,791	168	3,187	3,189	66,655	2,601	135	1,843	4,579	1,040	260	72,534

Depreciation

Category of Asset	Depreciation 2016/17			Depreciation 2017/18		
	Years	Residual Value	Charge £'000	Years	Residual Value	Charge £'000
Property						
• Land	No Depreciation		0	No Depreciation		0
• Operational Buildings	Over Remaining Life		1,550	Over Remaining Life		1,729
• Investment	No Depreciation		0	No Depreciation		0
• Surplus	Over Remaining Life		0	Over Remaining Life		6
• Assets Held for Sale				Over remaining Life		96
Boat 1:						
• Hull	0	NII	3	32	NII	3
• Engine	0	NII	11	12	NII	11
Boat 2:	0	0 0		10	NII	8
Vehicles						
• Rapid	0	NII	403	3	NII	416
• Other	0	NII	715	5	NII	793
Equipment						
Computer /other equipment	0	NII	1,027	5	NII	1,171
Intangible assets	3	0	73	3	NII	73
Intangible assets	5	0	10	5	NII	10
Total			3,792			4,316

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 full revaluation of Land and Buildings was carried out by external valuers and was effective from 31/03/17.

Valuations of some Buildings, Investment Properties and Surplus Assets were undertaken as of the 31/03/18 due to some significant expenditure on these buildings and change in use.

These were undertaken by an external valuer.

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.

POLICE & CRIME COMMISSIONER FOR DYFED POWYS

	Property Plant and Equipment							Investment Properties			Surplus Assets	Intangibles	Assets Held for Sale	Grand Total
	Land	Buildings	Assets Under Construction	Helicopter	Vehicles	Equipment	Boat	Masts	Houses	Buildings				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost:	4,270	53,065	0	0	3,257	4,183	241	5,835	0	1,788	68	94	1,140	74,158
Valued at fair value at:														
31 st March 2018	0	(353)	0	0	0	0	0	0	0	(329)		0	901	219
31 st March 2017	(75)	7,233	0	0	0	0	0	(84)	71	(127)	(14)	0	(204)	6,800
31 st March 2016	0	(69)	0	0	0	0	0	109	10	255	0	0	76	381
31 st March 2015	0	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	(26)	17	0	0	0	(968)
31 st March 2013	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31 st March 2012	0	509	0	0	(15)	35	0	0	0	0	0	0	0	529
31 st March 2011	0	2,288	0	0	0	0	0	(315)	16	(215)	0	0	0	1,774
31 st March 2010	0	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	0	(2,819)
31 st March 2008	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total cost or valuation:	4,195	62,033	0	0	3,205	4,218	241	2,517	0	1,387	54	94	1,913	79,957

17. Investment properties

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

2016/17		2017/18
£'000		£'000
681	Rental Income from investment property	795
(357)	Direct operating expenses arising from investment property	(312)
324	Net gain/(loss)	483

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

2016/17		2017/18
£'000		£'000
4,579	Balance at start of year:	4,232
0	Additions:	0
0	Purchases	0
(212)	Net gains/losses from fair value adjustments	(328)
	Transfers:	
0	• (To)/from property, plant and equipment	0
(135)	• To Surplus Assets	0
4,232	Balance at end of year	3,904

Investment Properties are measured at Fair value based on market evidence. Details of the Commissioner's investment properties and information about the fair value hierarchy as at 31 March 2018 and 31st March 2017 are as follows:-

31st March 2018

	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 2018
	£'000	£'000	£'000	£'000
Radio Mast Sites	0	2,517	0	2,517
Office Units	0	1,387	0	1,387
Houses	0	0	0	0

31st March 2017

	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 2017
	£'000	£'000	£'000	£'000
Radio Mast Sites	0	2,517	0	2,517
Office Units	0	1,715	0	1,715
Houses	0	0	0	0

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.

18. Capital Commitments

As at 31 March 2018 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 are:

- Upgrade to Wide Area Network £540K,
- Completion of the Regional Building Works across Police Stations in the Force Area – value £384k,
- Custody Improvement Works £351k.

19. 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 3 or 5 years and the assets are amortised on a straight-line basis.

2016/17			2017/18					
Internally generated assets	Other assets	Total	Internally generated assets	Other assets	Total			
£'000	£'000	£'000	£'000	£'000	£'000			
Balance at start of year:								
0	584	584	0	270	270			
0	(324)	(324)	0	(93)	(93)			
0	260	260	0	177	177			
0	0	0	0	0	0			
0	(83)	(83)	0	(83)	(83)			
0	177	177	0	94	94			
Comprising:			31/3/2013	31/3/2014	31/3/2015	31/3/2016	31/3/2017	31/3/2018
Gross carrying amounts (£'000)			314	314	365	584	270	270
Accumulated amortisation (£'000)			(289)	(302)	(314)	(324)	(93)	(176)

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

20. Long-Term Debtors

Group	Commissioner		Group	Commissioner
31 st March 2017	31 st March 2017		31 st March 2018	31 st March 2018
£'000	£'000		£'000	£'000
23	23	Other Police Bodies	0	0
23	23	Total	0	0

21. 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 2017	31 st March 2018	31 st March 2017	31 st March 2018
	£'000	£'000	£'000	£'000
Borrowing (PWLb) – principal sum borrowed	(2,125)	(1,936)	(173)	(189)
Borrowing (PWLb) – accrued interest	(12)	(10)	0	0
Trade Payables (Creditors)	0	0	(2,451)	(3,292)
Liability related to Defined Benefit Pension Scheme*	(1,312,684)	(1,182,188)	0	0
Total Financial Liabilities	(1,314,821)	(1,184,134)	(2,624)	(3,481)
Loans and receivables:				
Fixed term investments – Principal at amortised cost	0	0	17,500	8,000
Fixed term investments – Accrued interest	0	0	14	5
Fixed term investments – Impaired investments	0	0	8	3
Available for Sale Investments	6,547	6,510	4,806	8,154
Available for Sale Investments – Accrued interest	33	28	13	27
Trade Receivables (Debtors)	0	0	1,837	1,596
Total Financial Assets	6,580	6,538	24,178	17,785

* 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 Constable's staff.

Commissioner:

	Long Term		Current	
	31 st March 2017	31 st March 2018	31 st March 2017	31 st March 2018
	£'000	£'000	£'000	£'000
Borrowing (PWLb) – principal sum borrowed	(2,125)	(1,936)	(172)	(189)
Borrowing (PWLb) – accrued interest	(12)	(10)	0	0
Trade Payables (Creditors)	0	0	(410)	(510)
Liability related to Defined Benefit Pension Scheme*	(178)	403	0	0
Total Financial Liabilities	(2,315)	(1,543)	(582)	(699)
Loans and receivables:				
Fixed term investments – Principal at amortised cost	0	0	17,500	8,000
Fixed term investments – Accrued interest	0	0	14	5
Fixed term investments – Impaired investments	0	0	8	3
Available for Sale Investments – At Fair Value	6,547	6,510	4,806	8,154
Available for Sale Investments – Accrued interest	33	28	13	27
Trade Receivables (Debtors)	0	0	1,546	884
Total Financial Assets	6,580	6,538	23,887	17,073

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

2016/17		Financial Liabilities	Financial Assets	2017/18
Total £'000s		Liabilities measured at amortised cost £000s	Loans and receivables £000s	Total £000s
£'000		£'000	£'000	£'000
(224)	Interest expense	(208)	0	(208)
(224)	Interest payable and similar charges	(208)	0	(208)
222	Interest income	0	159	159
0	Impairment gain (Icelandic Banks)	0	(8)	(8)
222	Interest and Investment Income	0	151	151
(2)	Net gain/(loss) for the year	(208)	151	(57)

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 2018, 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 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 on the following page, 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

There were no transfers between input levels 1 and 2 during the year and there has been no change in the valuation technique used during the year.

2017/18

Group			Fair Value Level	Commissioner	
Carrying amount	Fair value	Carrying amount		Fair value	
31 st March 2018	31 st March 2018	31 st March 2018		31 st March 2018	
£'000	£'000		£'000	£'000	
		Financial Liabilities:			
(2,125)	(2,956)	Long Term Borrowing	2	(2,125)	(2,956)
		Liabilities for which Fair Value is not disclosed			
(189)	(189)	Short Term Borrowing		(189)	(189)
(1,182,188)	(1,182,188)	Liability related to Defined Benefit Pension Scheme		403	403
(3,292)	(3,292)	Trade Payables (Creditors)		(510)	(510)
(1,187,794)	(1,188,625)	Total Financial Liabilities		(2,421)	(3,252)
		Financial Assets:			
14,724	14,719	Corporate and Government Bonds	2	14,724	14,719
		Assets for which Fair Value is not disclosed			
8,008	8,008	Short Term Investments		8,008	8,008
1,596	1,596	Trade Receivables (Debtors)		884	884
24,328	24,323	Total Financial Assets		23,616	23,611

2016/17

Group			Fair Value Level	Commissioner	
Carrying amount	Fair value	Carrying amount		Fair value	
31 st March 2017	31 st March 2017	31 st March 2017		31 st March 2017	
£'000	£'000		£'000	£'000	
		Financial Liabilities:			
(2,299)	(3,231)	Long Term Borrowing	2	(2,299)	(3,231)
		Liabilities for which Fair Value is not disclosed			
(173)	(173)	Short Term Borrowing		(173)	(173)
(1,312,684)	(1,312,684)	Liability related to Defined Benefit Pension Scheme		(178)	(178)
(2,451)	(2,451)	Trade Payables (Creditors)		(410)	(410)
(1,317,607)	(1,318,539)	Total Financial Liabilities		(3,060)	(3,992)
		Financial Assets:			
8,304	8,597	Corporate and Government Bonds	2	8,304	8,597
3,011	3,028	Certificates of Deposit	2	3,011	3,028
		Assets for which Fair Value is not disclosed			
17,522	17,522	Short Term Investments		17,522	17,522
1,837	1,837	Trade Receivables (Debtors)		1,546	1,546
30,674	30,984	Total Financial Assets		30,383	30,693

22. Inventories

	Franking and uniform consumable stores		Fleet maintenance materials		Total	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
	£'000	£'000	£'000	£'000	£'000	£'000
Balance outstanding at start of year:	292	355	76	74	368	429
Purchases	392	438	196	175	588	613
Recognised as an expense in the year	(329)	(399)	(198)	(180)	(527)	(579)
Written off balances	0	(5)	0	1	0	(4)
Reversals of write offs in previous year/average price adjustment	0	0	0	0	0	0
Balance outstanding at year end.	355	389	74	70	429	459

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

23. Short-Term Debtors

Group	Commissioner		Group	Commissioner
31 st March 2017	31 st March 2017		31 st March 2018	31 st March 2018
£'000	£'000		£'000	£'000
2,961	2,961	Central Government bodies	3,738	3,738
38	38	Local authorities	89	89
1,412	1,412	Other Police Bodies	1,686	1,686
879	878	Other Public Bodies	540	540
1,378	1,088	Limited Companies	975	270
18	18	Other entities and individuals	110	102
440	440	Value added tax claims	512	512
7,128	6,835	Total	7,650	6,937

24. Cash and Cash Equivalents

31 st March 2017		31 st March 2018
£'000		£'000
19	Cash held	19
190	Bank current accounts	409
2,000	Short-term deposits	2,000
2,209	Total	2,428

25. Assets held for sale

	31 st March 2017	31 st March 2018
	£'000	£'000
Balance outstanding at start of year:	0	0
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	1,424
Revaluation losses	0	0
Revaluation gains	0	901
Assets sold	0	(316)
Depreciation		(96)
Balance outstanding at year end	0	1,913

26. Short-Term Creditors

Group	Commissioner		Group	Commissioner
31 st March 2017	31 st March 2017		31 st March 2018	31 st March 2018
£'000	£'000		£'000	£'000
2,030	1,956	Central Government bodies	2,107	2,046
637	15	Local authorities	657	70
2,444	20	Other Police Bodies	3,415	50
169	150	Other Public Bodies	181	66
1,462	352	Limited Companies	1,717	498
989	58	Other entities and individuals	1,575	11
7,731	2,551	Total	9,652	2,741

27. 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:	534	185	63	782
Additional provisions made in 2017/18	112	77	3	192
Amounts used in 2017/18	(115)	(185)	(4)	(304)
Unused amounts reversed in 2017/18	0	0	(5)	(5)
Balance outstanding at year end:	531	77	57	665

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, £45k 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:	388	457	845
Additional provisions made in 2017/18	133	0	133
Amounts used in 2017/18	(141)	0	(141)
Balance outstanding at year end:	380	457	837

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.

28. Usable reserves

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

31 st March 2017		31 st March 2018
£'000		£'000
4,500	General Reserve	4,032
6,672	Earmarked Revenue Reserves	4,056
15,183	Earmarked Capital Reserve	11,642
(1)	Capital Receipts Reserve	0
879	Capital Grants Unapplied	750
27,233	Total	20,480

General Reserve

The Commissioner maintains a General Reserve of £4.03m 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 for ring-fenced purposes and to support the revenue budget in the Medium Term Plan.

Reserve	Balance at 31 st March 2017	Reclassification 2017/18	Transfers out 2017/18	Transfers in 2017/18	Balance at 31 st March 2018	Description
	£'000	£'000	£'000	£'000	£'000	
Invest to Save Reserve	1,630	(1,630)	0	0	0	To fund future projects that will deliver ongoing revenue savings.
Go Safe Reserve	289	0	0	0	289	Held on behalf of the 'Go Safe' Partnership to fund future earmarked revenue expenditure.
Other Earmarked and Ring-fenced Reserves	4,753	1,630	(3,216)	600	3,767	Reserves held for ring-fenced purposes and to support the revenue budget in the Medium Term Plan.
Total	6,672	0	(3,216)	600	4,056	

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.

2016/17		2017/18
£'000		£'000
18,683	Balance at 1st April:	15,183
0	Amounts received in year	680
0	Reclassifications	(339)
(3,500)	Amounts used in year	(3,882)
15,183	Balance at 31st March:	11,642

Please note that amounts received during year are wholly attributable to the Go Safe Partnership. In total £1,190k of these reserves are held on behalf of the Go Safe Partnerships to fund future capital commitments.

Capital Receipts Reserve

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

2016/17		2017/18
£'000		£'000
0	Balance at 1st April:	(1)
	<i>Capital receipts received during year</i>	
36	Vehicles	32
0	Buildings	126
0	Houses	79
114	Helicopter	68
(151)	Capital receipts utilised during year	(304)
(1)	Balance at 31st March:	0

Capital Grants Unapplied

2016/17		2017/18
£'000		£'000
505	Balance at 1 st April:	879
916	Grant received in year	0
(542)	Grant applied in year	(129)
879	Balance at 31 st March:	750

29. Unusable reserves

31 st March 2017		31 st March 2018
£'000		£'000
20,709	Revaluation reserve	20,254
58,926	Capital adjustment account	59,603
(368)	Accumulated absences account	(525)
(1,312,684)	Pensions reserve	(1,182,188)
91	Deferred Capital Receipt	23
84	Available for Sale Financial Instruments Reserve	(4)
(1,233,242)	Total	(1,102,837)

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.

2016/17		2017/18
£'000		£'000
13,253	Balance at 1 st April:	20,709
8,417	Upward revaluation of assets	623
(669)	Downward revaluation of assets and Impairment losses not charged to the surplus/deficit on the Provision of Services	(603)
7,748	Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the Provision of Services	20,729
(285)	Difference between fair value depreciation and historical cost depreciation	(475)
(7)	Revaluation reinstated – asset class moved from surplus to operational	
20,709	Balance at 31 st March:	20,254

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.

2016/17		2017/18
£'000		£'000
59,282	Balance at 1st April:	58,926
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(3,424)	Charges for depreciation and impairment of non-current assets	(3,758)
(2,386)	Revaluation losses on property, plant and equipment	(671)
1,596	Revaluation gains on property, plant and equipment	910
(83)	Amortisation of intangible assets	(83)
0	Revenue expenditure funded from capital under statute	
(92)	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	(363)
36	Donated asset (no conditions attached)	
(62)	Reinstatement of Property from Surplus Asset to Operational	
54,867		54,961
	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:	
151	Use of Capital Receipts Reserve to finance new capital expenditure	305
3,108	Use of Reserves to finance new capital expenditure	3,914
491	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	318
52	Application of grants to capital financing from the Capital Grants Unapplied Account	129
0	Statutory provision for the financing of capital investment charged against the General Fund	
0	Provision for the financing of capital investment charged against the General Fund	
415	Capital expenditure charged against the General Fund	16
4,217		4,662
(158)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(40)
0	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	0
58,926	Balance at 31st March:	59,603

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.

2016/17		2017/18
£'000		£'000
(503)	Balance at 1 st April:	(368)
503	Settlement or cancellation of accrual made at the end of the preceding year	368
(368)	Amounts accrued at the end of the current year	(525)
135	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.	(157)
(368)	Balance at 31 st March:	(525)

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.

2016/17		2017/18
£'000		£'000
(1,011,819)	Balance at 1 st April:	(1,312,684)
(271,802)	Actuarial (gains) or losses on pensions assets and liabilities	167,489
14,224	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	18,577
(43,487)	Employer's pensions contributions and direct payments to pensioners payable in the year.	(55,570)
(1,312,684)	Balance at 31 st March:	(1,182,188)

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.

2016/17		2017/18
£'000		£'000
205	Balance at 1 st April:	91
0	Transfer of deferred sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	0
(114)	Transfer to the Capital Receipts Reserve upon receipt of cash	(68)
91	Balance at 31 st March:	23

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.

2016/17		2017/18
£'000		£'000
165	Balance at 1 st April:	84
(81)	Downward revaluation of investments	(88)
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
84	Balance at 31 st March:	(4)

30. Cash flow statement – operating activities

2016/17		2017/18
£'000		£'000
35,595	Net (surplus) or deficit on the provision of services	43,856
	Adjustments for non-cash movements:	
(3,795)	Depreciation	(4,316)
0	Investment Impairment	8
(1,008)	Revaluation losses on Property, Plant & Equipment	200
(29,263)	Net charges made for Retirement Benefits	(36,993)
(91)	Sale of Fixed Assets (NBV)	(126)
185	Contribution to Provisions	125
(81)	Loss on Revaluation of Financial Assets available for sale	(88)
16	Increase/Decrease In Interest on Investments accrual	0
1	Increase/Decrease in Interest on Borrowing accrual	2
61	Increase/Decrease in Stock	30
706	Increase/Decrease in Debtors	523
1,026	Increase/Decrease in Creditors	(2,916)
(32,243)		(43,551)
	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities:	
219	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	238
631	Other payments for financing activities – Agency arrangements	(202)
324	Payments for and Receipts from investing activities	483
1,174		519
4,526	Net cash flows from operating activities	824

31. Cash flow statement – Investing activities

2016/17		2017/18
£'000		£'000
3,436	Purchase of property, plant and equipment, investment property and intangible assets	5,419
93,472	Purchase of short-term and long-term Investments	76,691
357	Other payments for Investing activities	312
(219)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(238)
(100,706)	Proceeds from short-term and long-term investments	(82,806)
(681)	Other receipts from Investing activities	(795)
(4,341)	Net cash flows from investing activities	(1,417)

32. Cash flow statement – financing activities

2016/17		2017/18
£'000		£'000
158	Repayments of short and long-term borrowing	172
(631)	Other payments for financing activities	202
(473)	Net cash flows from financing activities	374

33. 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 principal sources: a Welsh Government grant, and utilisation of income received from attendance of offenders on Speed Awareness Courses. During 2017/18, the Police and Crime Commissioner for Dyfed Powys submitted grant claims totalling £2.55m, and made creditor payments to the value of £6.15m, on behalf of the Partnership.

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.

2016/17		2017/18
£'000		£'000
81	Expenditure incurred in administering the Police and Local Government Pension Schemes	85
81	Net surplus arising on the agency arrangements	85

34. 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 Commissioners 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.

In 2017/18 an All Wales Collaboration Team was established on a short term basis to coordinate existing activities and identify new opportunities for collaboration across the four Forces in Wales. The team is led by a Deputy Chief Constable and is funded based on agreed contributions from each Force in Wales. The total costs of the team in 2017/18 were £243k (2016/17 – nil) and Dyfed Powys Police's contribution to these costs was £61.5k in 2017/18 (2016/17 – nil).

The first table below details a summary of the Income and Expenditure Statement for the main activities of the collaborative units based on the funding contributions that each Force made to the collaborative arrangement.

Included in accounting policies under joint arrangements are definitions and an explanation of the new accounting requirements for joint operations, the latter involving shares of income, expenditure, assets and liabilities. As a result of the requirement of IFRS11, the second table below provides revised information relating to Dyfed Powys Police and for other forces to show the totals for each joint operation.

As a result of the requirements of IFRS11, gross expenditure in the CIES has been increased by £909k and income/grants have been increased by £866k, an increase in net expenditure of £43k. This net increase has been reversed in the Movement in Reserves Statement with no impact on the Police Fund balance.

Assets, debtors and creditors in respect of the arrangements have remained in the balance sheets of forces on the basis of materiality.

The Expenditure and Income Statements for the main collaborative arrangements are as follows:

2017/18	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	5,574	425	4,356	4,793	1,554	11,292	27,994
Non Pay Expenditure	1,142	30	285	1,201	411	1,568	4,637
Gross Expenditure	6,716	455	4,641	5,994	1,965	12,860	32,631
Specific Grant Income	(6,772)	(455)	(4,641)	(4,320)	(500)	(1,473)	(18,161)
Income	56	0	0	(43)	(2)	(163)	(152)
Total Income & Grants	(6,716)	(455)	(4,641)	(4,363)	(502)	(1,636)	(18,313)
(Surplus) or Deficit - to be funded from Force Contributions as follows:	0	0	0	1,631	1,463	11,224	14,318
Force Contributions (Net):							
Dyfed-Powys	0	0	0	(348)	(298)	(3,457)	(4,103)
Gwent	0	0	0	(394)	(380)	(2,594)	(3,368)
North Wales	0	0	0	0	0	0	0
South Wales	0	0	0	(899)	(785)	(5,173)	(6,847)
Total Force Contributions	0	0	0	(1,631)	(1,463)	(11,224)	(14,318)

POLICE & CRIME COMMISSIONER FOR DYFED POWYS

Each Force's contribution towards Expenditure and Income is as follows:

2017/18	Counter Terrorism Intelligence Unit	Counter Terrorism Specialist Advisors	Counter Terrorism Post/Dedicated Security	Regional Organised Crime Unit	Regional Task Force	Joint Firearms Unit	TOTAL
Service Classification and agreed basis of apportionment	National Policing (Population – national benefit basis) £'000	National Policing (Population – national benefit basis) £'000	National Policing (Population – national benefit basis) £'000	Intelligence/ Investigation (Population – national benefit basis) £'000	Intelligence (Agreed Financial Contribution – local delivery) £'000	Specialist Operations (Agreed Financial Contribution – local delivery) £'000	£'000
Dyfed-Powys	1,113	75	472	1,279	400	3,998	7,337
Gwent	1,260	85	535	1,449	510	3,067	6,906
North Wales	1,501	102	2,428	Note 1	Note 1	Note 1	4,031
South Wales	2,842	193	1,206	3,266	1,055	5,795	14,357
Gross Expenditure	6,716	455	4,641	5,994	1,985	12,860	32,631
Dyfed-Powys	(1,113)	(75)	(472)	(931)	(102)	(509)	(3,202)
Gwent	(1,260)	(85)	(535)	(1,054)	(130)	(390)	(3,454)
North Wales	(1,501)	(102)	(2,428)	Note 1	Note 1	Note 1	(4,031)
South Wales	(2,842)	(193)	(1,206)	(2,378)	(270)	(737)	(7,826)
Total Income & Grants	(6,716)	(455)	(4,641)	(4,363)	(502)	(1,836)	(18,313)

Note 1

North Wales Police, are basing their Dedicated Security Post (DSP) costs on income and expenditure rather than an allocation based on population in Wales. Their income and expenditure for DSP is therefore not included in the tables below. They are not included in the Regional Task Force, which operates in the Southern Welsh Forces. For the Regional Organised Crime Unit, North Wales Police contribute to the North West Region of England and North Wales.

35. Officers' remuneration
Senior employees

	Year	Notes	Salary (including fees and allowances)	Benefits in kind - lease cars	Benefits in kind - relocation expenses	Pay in Lieu of Notice / Extd Payment	Total remuneration excluding pension contributions	Pension contributions	Total remuneration including pension contributions
			£	£	£	£	£	£	£
Chief Constable	2017/18		139,487	0	0	0	139,487	32,939	172,426
	2016/17	3	39,884	757	0	0	40,651	9,420	50,071
Chief Constable	2017/18		0	0	0	0	0	0	0
	2016/17	4	91,537	2,973	0	0	94,510	0	94,510
Deputy Chief Constable	2017/18		120,441	0	0	0	120,441	27,577	148,018
	2016/17	5	10,988	216	0	0	11,204	2,530	13,734
Deputy Chief Constable	2017/18		0	0	0	0	0	0	0
	2016/17	6,7	67,927	0	0	0	67,927	15,291	83,218
T/Deputy Chief Constable	2017/18		0	0	0	0	0	0	0
	2016/17	8	105,041	5,591	895	0	111,527	24,774	136,301
Assistant Chief Constable	2017/18	9	113,899	4,839	0	0	118,538	26,811	145,349
	2016/17	10	10,162	574	0	0	10,736	2,460	13,196
Deputy Chief Constable - Gwent Police	2017/18	11	42,684	832	0	0	43,516	9,386	52,902
	2016/17		0	0	0	0	0	0	0
T/Assistant Chief Constable (A)	2017/18	12	34,347	697	0	0	35,044	8,377	43,421
	2016/17		103,422	3,706	0	0	107,128	25,028	132,156
T/Assistant Chief Constable (B)	2017/18	13	41,007	0	0	0	41,007	8,234	49,241
	2016/17		0	0	0	0	0	0	0
Director of Finance/ Chief Financial Officer to the Chief Constable	2017/18		75,121	0	0	0	75,121	10,141	85,262
	2016/17		69,903	0	0	0	69,903	8,109	78,012

POLICE & CRIME COMMISSIONER FOR DYFED POWYS

Director of Resources	2017/18	14	41,891	0	0	16,154	58,045	5,655	63,700
	2016/17		69,903	0	0	0	69,903	8,109	78,012
Director of Legal and Compliance	2017/18		0	0	0	0	0	0	0
	2016/17	15	73,934	0	0	95,301	169,235	0	169,235
Commissioner	2017/18		65,000	0	0	0	65,000	8,775	73,775
	2016/17	16	57,661	0	0	0	57,661	6,689	64,350
Commissioner	2017/18		0	0	0	0	0	0	0
	2016/17	17	7,339	0	0	0	7,339	851	8,190
Deputy Commissioner*	2017/18		0	0	0	0	0	0	0
	2016/17	18	5,173	0	0	0	5,173	600	5,773
Chief Financial Officer to the Commissioner* (A)	2017/18		4,974	0	0	0	4,974	672	5,646
	2016/17		0	0	0	0	0	0	0
Chief Financial Officer to the Commissioner* (B)	2017/18		53,975	0	0	0	53,975	7,287	61,262
	2016/17	21	60,015	0	0	0	60,015	6,962	66,977
Chief of Staff*	2017/18		68,521	0	0	0	68,521	9,250	77,771
	2016/17	22	61,218	0	0	0	61,218	8,481	69,699
Temporary Chief of Staff*	2017/18		0	0	0	0	0	0	0
	2016/17	23	6,394	0	0	0	6,394	742	7,136
Total 2017/18			801,147	6,368	0	16,154	823,669	155,104	978,773
Total 2016/17			840,511	13,817	895	95,301	950,525	120,046	1,070,571

*denotes staff under the direction and control of the Commissioner

Note 1: The Chief Constable and Deputy Chief Constable are provided with vehicles, however in 2017/18 this is no longer classed as a benefit in kind, as they are on call at all times. Section 248A of the ITEPA 2003 states: "1) This section applies where a) an emergency vehicle is made available to a person employed in an emergency service for the person's private use and b) the terms on which it is made available prohibit its private use otherwise than when the person is on call or engaged in on-call commuting, and c) the person does not make private use of it otherwise than in such circumstances, 2) No liability to income tax arises by virtue of Chapter 6 or 10 or Part 3 (taxable benefits: cars, vans etc and residual liability to charge) in respect of the benefit".

Note 2: 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 3: The Chief Constable was appointed on the 18/12/16. The annualised salary for this post in 2016/17 was £135,324.

Note 4: The Chief Constable retired on 17/12/16. The annualised salary for this post in 2016/17 was £125,853.

Note 5: The Deputy Chief Constable was appointed on the 26/02/17. The annualised salary for this post in 2016/17 was £113,295.

Note 6: The Deputy Chief Constable retired from this seconded post on 23/10/16. The annualised salary for this post was £113,292. The salary cost of this post was recharged 1/3 Dyfed Powys, 1/3 Gwent and 1/3 South Wales for 2016/17.

Note 7: The Deputy Chief Constable was seconded to the role of "Deputy Chief Constable - All Wales" from 08/11/15 onwards. There was no change in remuneration as a result of this appointment.

Note 8: The Assistant Chief Constable was temporarily promoted to Temporary Deputy Chief Constable between 08/11/15 - 25/02/17. The annualised salary for this post in 2016/17 was £113,295.

Note 9: The Assistant Chief Constable was seconded to Welsh Government as ACC - All Wales from 01/10/2017. There was no change in remuneration as a result. 50% of her costs were recharged to WG.

Note 10: The Assistant Chief Constable reverted to this rank from 26/02/2017 after her temporary promotion to DCC ended (see note 8). The annualised salary for this post in 2016/17 was £110,148.

Note 11: The Temporary Assistant Chief Constable was promoted to DCC of Gwent Police on a secondment basis from 24/07/17 to 06/12/2017, after which she formally transferred to the employment of Gwent Police. Her costs while seconded were recharged to Gwent Police in full.

Note 12: The Temporary Assistant Chief Constable was in post until 23/07/17 (see note 11). The annual salary for this post was £104,889.

Note 13: The Temporary Assistant Chief Constable (B) was appointed on 5/11/2017. The annual salary for this post was £98,538.

Note 14: The Director of Resources took early retirement on 27/10/2017 and received payment in lieu of notice as part of his exit package. The annual salary for this post in 2017/18 was £70,192. A decision was made by the Chief Constable to remove this post from the structure.

Note 15: The Director of Legal and Compliance left the organisation on 03/03/17. The annualised salary for this post in 2016/17 was £70,192.

Note 16: The new Commissioner was appointed on 12/05/16 following the Police and Crime Commissioner elections, with an annual salary of £65,000.

Note 17: The Commissioner left the organisation on 11/05/2016 following the Police and Crime Commissioner elections.

Note 18: The Deputy Commissioner left the organisation on 11/05/2016 following the Police and Crime Commissioner elections. The annualised salary for this post in 2016/17 was £53,000.

Note 19: The Chief Financial Officer to the Commissioner (A) joined the organisation on 19/02/2018 on a part time basis. The annual full time salary for this post in 2017-18 was £74,040.

Note 20: The Chief Financial Officer to the Commissioner (B) left the organisation on 09/03/2018. The annual full time equivalent salary for this post in 2017/18 was £74,040.

Note 21: The Chief Financial officer to the Commissioner (B) worked part time. The annual full time salary for this post in 2016/17 was £70,192.

Note 22: The Chief of Staff returned from maternity leave on 11/04/2016. The annualised salary for this post in 2016/17 was £62,955.

Note 23: The temporary Chief of Staff left the organisation on 08/05/2016. The annualised salary for this post in 2016/17 was £60,993.

Note 24: In addition to the above, the All Wales Deputy Chief Constable is employed by South Wales Police and his total remuneration costs are shown in the Remuneration Note of the South Wales Police Statement of Accounts. Each of the four Welsh Forces contribute to the total remuneration cost of the All Wales Deputy Chief Constable. In 2017-18, the contribution made by Dyfed-Powys Police was £61,422.

Other employees – (excludes senior officers – itemised above)

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

2016/17		2017/18
Number of employees		Number of employees*
6	£60,000 - £64,999*	10
3	£65,000 - £69,999	2
2	£70,000 - £74,999	4
3	£75,000 - £79,999	1
3	£80,000 - £84,999	5
0	£85,000 - £89,999	1
2	£90,000 - £94,999	0
1	£95,000 - £99,999	0

No other staff employed by the Commissioner received remuneration of more than £60,000 in 2017/18.

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:

- the remuneration of the body's Chief Constable/Chief of Staff during the year to which the accounts relate;
- the median full-time equivalent remuneration of all the body's employees in post at 31st March 2018; and
- 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 remuneration of the Chief of Staff for 2017/18 was £68,521.

The median full-time equivalent remuneration of all the Commissioner's employees as at 31st March 2018 was £23,072.

The ratio of the Chief of Staff's remuneration to the median Commissioner employee's remuneration was 2.97:1 (2.38:1 in 2016/17)

Chief Constable:

The remuneration of the Chief Constable for 2017/18 was £139,487 (the Chief Constable received no benefits in kind in 2017/18, please refer to note 1 of the Officers' Remuneration table, above).

The median full-time equivalent remuneration of all the Chief Constable's employees as at 31st March 2018 was £35,451.

The ratio of the Chief Constable's remuneration to the median Chief Constable employee's remuneration was 3.93:1 (3.83:1 in 2016/17)

Exit Packages

The number of exit packages with total cost per band and total cost of the departures agreed during 2017/18 is set out in the tables below.

Group:

Exit package cost band	2016/17	2016/17	2017/18	2017/18
	Number of Departures agreed	Departure cost (Including payment in lieu of notice) £'000	Number of Departures agreed	Departure cost (Including payment in lieu of notice) £'000
£0 - £20,000	1	3	0	0
£20,001 - £40,000	0	0	0	0
£40,001 - £60,000	0	0	1	47
£60,001 - £80,000	0	0	0	0
£80,001 - £100,000	1	95	0	0
£100,001 - £150,000	0	0	0	0
£150,000 +	0	0	0	0
	2	98	1	47

Commissioner:

No exit packages were charged to the Commissioner's accounts in 2017/18.

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 departures is included in the Service Analysis and the Pension Strain as a Non Distributed Cost.

Flexible Retirement

The Force has recently adopted this policy and during 2017/18 3 members of staff took up this option. Due to these early retirements, an actuarial strain has been applied to the Local Government Scheme resulting in a cost of £16k to the Force.

Members

The following amounts were paid to Joint Audit Committee members in 2017/18.

Group	Commissioner		Group	Commissioner
2016/17	2016/17		2017/18	2017/18
£'000	£'000		£'000	£'000
0	0	Salaries	0	0
3	3	Allowances	1	1
0	0	Expenses	0	0
3	3	Total	1	1

36. 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
2016/17	2016/17		2017/18	2017/18
£'000	£'000		£'000	£'000
79	40	Fees payable to the Wales Audit Office with regard to external audit services carried out by the appointed auditor for the year	79	40
79	40	Total	79	40

37. Grant Income

The Commissioner credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2016/17 and 2017/18:

2016/17		2017/18
£'000		£'000
	Credited to Financing and Investment Income and Expenditure	
(20)	Wisdom Funding – Multi-agency Offender Hub	0
(426)	Control Room Upgrades for transition onto Emergency Services Network	0
(96)	CCTV Upgrade at the Ports	0
(542)	Total	0
	Credited to Taxation and Non-specific grant income	
(32,896)	Police Revenue Grant	(32,861)
(4,221)	Welsh Floor Grant	(3,582)
(4,618)	Revenue Support Grant	(3,935)
(374)	Capital Grant	(317)
(42,109)	Total	(40,695)
	Credited to services	
	Revenue grants	
(1,470)	Grants Receivable from the Home Office	(1,469)
(2,479)	Police Community Support Officers	(2,442)
(611)	Victim Support Services	(605)
(378)	Private Finance Initiative	(364)
(316)	All Wales Schools Liaison Programme	(303)
(195)	Capital Loans Grant	(195)
(4)	Other Revenue Grants	(77)
	Collaborative Grants **	
(580)	Regional Organised Crime Unit	(686)
(105)	Regional Task Force	(102)
(513)	Dedicated Security Posts (Ports Unit)	(472)
(81)	Counter Terrorism Security Advisors (CTSA)	(75)
(1,081)	Counter Terrorism Intelligence Unit	(1,122)
(7,813)	Total	(7,912)

**Police and Crime Commissioners and Police Forces in Wales are complying with requirements arising from the CIPFA guidance on "Accounting for Collaboration". This guidance 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.

38. 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.

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

Group 2017/18			Commissioner 2017/18	
Income £'000	Expenditure £'000		Income £'000	Expenditure £'000
(77,190)	602	Home Office	(77,190)	0
(3,450)	3	Welsh Government	(3,450)	0
(15,313)	1,165	Carmarthenshire County Council	(15,313)	861
(6,821)	211	Ceredigion County Council	(6,821)	211
(11,960)	520	Pembrokeshire County Council	(11,960)	485
(13,213)	359	Powys County Council	(13,213)	340

Group 2016/17			Commissioner 2016/17	
Income £'000	Expenditure £'000		Income £'000	Expenditure £'000
(69,188)	994	Home Office	(69,188)	0
(18,324)	5	Welsh Government	(18,324)	0
(14,295)	4,827	Carmarthenshire County Council	(14,295)	19
(6,134)	174	Ceredigion County Council	(6,134)	25
(10,765)	583	Pembrokeshire County Council	(10,765)	300
(12,246)	255	Powys County Council	(12,246)	100

Joint Audit Committee Members

The Joint Audit Committee provides an additional source of assurance to the Commissioner and the Chief Constable that systems of internal control are working effectively and that internal audit is operating within their Code of Practice.

The total of members' allowances paid in 2017/18 is shown in note 35.

None of the Joint Audit Committee members, or parties related to them, have undertaken any material transactions with the Commissioner in 2017/18.

Senior Officers

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.

39. 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. In 2015/16 reserves were utilised to repay the Capital Financing Requirement.

2016/17 £'000		2017/18 £'000
0	Opening capital financing requirement:	0
	Capital Investment:	
(4,218)	Property, Plant and Equipment	(4,682)
0	Investment properties	0
0	Intangible assets	0
0	Revenue expenditure funded from Capital under Statute	0
	Sources of finance:	
151	Capital receipts	305
542	Government grants and other contributions	479
3,109	Capital Reserves	3,914
	Sums set aside from revenue	
416	Direct revenue contributions	16
0	MRP / loans fund principal	0
0	Repayment of Capital Financing Requirement *	0
0	Closing capital financing requirement:	0

2016/17 £'000		2017/18 £'000
	Explanation of movements in the year:	
0	(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) *	0
0	Assets acquired under finance leases	0
0	Assets acquired under PFI contracts	0
0	(Increase)/ decrease in Capital Financing Requirement	0

40. 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 2017		31 st March 2018
£'000		£'000
175	Not later than one year	90
485	Later than one year and not later than five years	357
884	Later than five years	838
1,544	Total	1,285

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

2016/17		2017/18
£'000		£'000
217	Minimum lease payments	168
0	Contingent rents	0
0	(Sublease payments receivable)	0
217	Total	168

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 2017	31 st March 2017		31 st March 2018	31 st March 2018
£'000	£'000		£'000	£'000
86	86	Not later than one year	53	53
337	337	Later than one year and not later than five years	212	212
271	271	Later than five years	89	89
694	694	Total	354	354

The income credited to the Group/Commissioner's Comprehensive Income and Expenditure Statement during 2017/18 in relation to these leases was £168,521.

41. Impairment losses

During 2017/18, there is no reason to believe that the value of assets has changed, therefore there is no indication of impairment.

42. Termination benefits

The Force terminated the contract of 1 employee during 2017/18, incurring costs of £47k. This was payable to the Director of Resources, in the form of payment in lieu of notice of £16k and enhanced pension benefits of £31k, as disclosed in Note 35.

43. 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 CARE (Career Average Revalued Earnings) 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 CARE 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:

POLICE & CRIME COMMISSIONER FOR DYFED POWYS

Local Government Pension Scheme		Police Pension Scheme			Local Government Pension Scheme		Police Pension Scheme	
Group	Commissioner	Group	Commissioner		Group	Commissioner	Group	Commissioner
2016/17	2016/17	2016/17	2016/17		2017/18	2017/18	2017/18	2017/18
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
				Comprehensive Income and Expenditure Statement (CIES):				
				<i>Cost of services:</i>				
(4,236)	(97)	(16,484)	0	Current service cost	(7,050)	(305)	(28,048)	0
0	0	0	0	Past service cost	(47)	0	0	0
(120)	0	0	0	Other	(130)	0	0	0
				<i>Financing and Investment Income and Expenditure:</i>				
(992)	(23)	(34,944)	0	Net interest expense	(980)	(42)	(32,738)	0
(5,348)	(120)	(51,428)	0	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(8,207)	(347)	(60,784)	0
				<i>Other Post Employment Benefit Charged to the CIES</i>				
				Remeasurement of the net defined benefit liability comprising:				
19,987	0	0	0	Return on plan assets (excluding the amount included in the net interest expense)	1,241	0	0	0
1,743	0	0	0	Remeasurement gains and losses arising on changes in demographic assumptions	0	0	53,017	0
(36,097)	(178)	(283,838)	0	Remeasurement gains and losses arising on changes in financial assumptions	8,072	403	50,973	0
6,603	0	0	0	Other – experience (gain)/loss	0	0	54,186	0
(13,112)	(298)	(315,266)	0	Total Post Employment Benefit Charged to the CIES	1,106	56	97,392	0
0	(12,814)	0	(315,266)	Commissioning Costs (intra-group transfer)	0	1,050	0	97,392
(13,112)	(13,112)	(315,266)	(315,266)	Total net cost	1,106	1,106	97,392	97,392
				<i>Movement in Reserves Statement:</i>				
5,348	5,348	51,428	51,428	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	8,207	8,207	60,784	60,784
				<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>				
(2,749)	(2,749)	(24,764)	(24,764)	Employers' contributions payable to scheme	(3,070)	(3,070)	(28,928)	(28,928)

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 2018 is a gain of £9,313k (2016/17: £7,764k loss).

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	
	2016/17	2017/18	2016/17	2017/18
	£'000	£'000	£'000	£'000
Present value of the defined benefit obligation	(159,043)	(161,629)	(1,273,413)	(1,147,093)
Fair value of plan assets	119,772	126,534	0	0
Net liability arising from defined benefit obligation	(39,271)	(35,095)	(1,273,413)	(1,147,093)

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 2017/18 this amounts to £1,182,188 million compared to £1,312,684 million in 2016/17.

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 13.5% 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.

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

	Local Government Pension Scheme		Police Pension Scheme	
	2016/17	2017/18	2016/17	2017/18
	£'000	£'000	£'000	£'000
Opening fair value of scheme assets	94,376	119,772	0	0
Interest income	3,435	3,147	0	0
Remeasurement gain / (loss)				
• The return on plan assets excluding the amount included in the net interest expense	19,987	1,241	0	0
Contributions from employer	2,749	3,070	0	0
Contributions from employees into the scheme	1,298	1,408	0	0
Benefits paid	(1,953)	(1,974)	0	0
Other (if applicable)	(120)	(130)	0	0
Closing fair value of scheme assets	119,772	126,534	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	
	2016/17	2017/18	2016/17	2017/18
	£'000	£'000	£'000	£'000
Opening Balance at 1st April:	(123,284)	(159,043)	(982,911)	(1,273,413)
Current service cost	(4,236)	(7,050)	(16,484)	(28,048)
Interest cost	(4,427)	(4,127)	(34,944)	(32,736)
Contributions from scheme participants	(1,298)	(1,408)	(5,771)	(5,854)
Remeasurement gains and (losses)				
• Remeasurement gains/ (losses) arising from changes in demographic assumptions	1,743	0	0	53,017
• Remeasurement gains / (losses) arising from changes in financial assumptions	(36,097)	8,072	(263,838)	50,973
• Other (if applicable)	6,603	0	0	54,186
Past service cost	0	(5)	0	0
Losses/ (gains) on curtailment	0	(42)	0	0
Benefits Paid	1,953	1,974	30,535	34,782
Closing balance at 31st March	(159,043)	(161,629)	(1,273,413)	(1,147,093)

Local Government Pension Scheme assets comprised:

	Fair value of Scheme assets	
	2016/17	2017/18
	£'000	£'000
Cash and cash equivalents	959	760
Equity Instruments	84,438	89,333
Bonds	23,236	24,547
Property	11,139	11,894
Total Assets	119,772	126,534

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 2017.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme		Police Pension Scheme	
	2016/17	2017/18	2016/17	2017/18
Mortality assumptions:				
Longevity at 65 (60 for police scheme) for current				
• Men	22.8	22.9	27.8	26.4
• Women	25.5	25.6	30.3	28.4
Longevity at 65 (60 for police scheme) for future pensioners:				
• Men	25.0	25.1	30.1	28.3
• Women	27.8	27.9	32.6	30.3
Other assumptions:				
Rate of inflation	2.3%	2.1%	2.3%	2.1%
Rate of increase in salaries	3.8%	3.6%	3.8%	3.5%
Rate of increase in pensions	2.3%	2.2%	2.3%	2.2%
Rate for discounting scheme liabilities	2.6%	2.7%	2.6%	2.7%

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 2017/18	Impact on the defined benefit obligation in the scheme	
	Increase in assumption	Decrease in assumption
	£'000	£'000
Longevity (increase or decrease by 1 year)	3,084	0
Rate of inflation (increase or decrease by 0.1%)	3,588	0
Rate of increase in salaries (increase or decrease by 0.1%)	805	0
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	0	3,511
Police Pension Scheme 2017/18	Impact on the defined benefit obligation in the scheme	
	Increase in assumption	Decrease in assumption
	£'000	£'000
Longevity (increase or decrease by 1 year)	29,336	0
Rate of inflation (increase or decrease by 0.1%)	23,240	0
Rate of increase in salaries (increase or decrease by 0.1%)	4,490	0
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	0	22,703

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 2017 and details of the future employers' rates are shown below:

Year	Employer rate
2017/18	13.5%
2018/19	13.5%
2019/20	13.5%

44. Contingent Liabilities

Police Pension Legal Challenge - Career Average Revalued Earnings.

Please refer to 'Note 4 – Critical Judgements in applying accounting policies' for further information. It has been assessed that the Chief Constable has no liability at the Balance Sheet date and for these reasons, no provision has been made in the 2017/18 Accounting Statements.

Potential claims for overpaid pension contributions

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 7 Dyfed-Powys Police Officers affected.

Undercover Policing Inquiry

On 12 March 2015, the then Home Secretary established an inquiry into undercover policing under the Inquiries Act 2005. The purpose of this inquiry is to investigate and report on undercover police operations conducted by English and Welsh police forces in England and Wales since 1968. The inquiry will examine the contribution undercover policing has made to tackling crime, how it was and is supervised and regulated, and its effect on individuals involved – both police officers and others who came into contact with them.

The work of the Inquiry ranges across the full scope of undercover policing work and will look at the work of the Special Demonstration Squad, the National Public Order Intelligence Unit and police forces across England and Wales. The inquiry will also examine whether people may have been wrongly convicted in cases involving undercover police officers, and refer any such cases to a separate panel for consideration.

A liability has now been established and along with 11 other Forces, external solicitors are engaged to represent serving officer (s). There is an agreement for Dyfed Powys Police to meet a 5% share of generic preparation costs incurred by the legal firm. All other legal matters to date involving Dyfed Powys Police have been dealt with in-house.

At this stage, the inquiry is not far enough progressed to reliably estimate future costs therefore no provision has been made in the 2017/18 Accounting Statements.

Dedicated Source Handling Unit On-Call Allowance Claims

The Chief Constable of Dyfed Powys along with other Chief Constables have had claims lodged against them in relation to "on Call Allowance" under Regulation 34 Annex U Police Regulations 2003.

The claimants are serving, and / or retired police officers and are members of the "Dedicated Source Handling Unit (Covert Human Intelligence Sources)". The claimants claim that their roles require them to answer mobile telephones and deal with those who wished to provide covert intelligence to the police. They also claim to have supervised source handlers and these tasks required them to monitor their phones on a daily basis.

At this stage, liability has not been established and therefore it would not be appropriate to make a provision in the 2017/18 Accounting Statements. In addition it's not possible to provide a reasonable estimate of liability at this stage.

45. 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 31st March 2018 that this was likely to crystallise.

The table below summarises the nominal value of the Commissioner's investment portfolio at 31st March 2018, 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 2018?	Balance Invested as at 31 March 2018 £'000s					Total £'000
			Up to 1 month	> 1 month and < 3 months	> 3 months and < 6 months	> 6 months and < 12 months	Over 12 months	
			£'000	£'000	£'000	£'000	£'000	
UK Banks	Y	Y	0	2,000	0	0	0	2,000
Foreign Banks	Y	Y	4,000	0	0	0	0	4,000
UK Building Societies	N/A	N/A	2,000	0	0	0	0	2,000
Bonds	Y	Y	3,065	0	0	5,070	6,534	14,669
DMO	Y	Y	0	0	0	0	0	0
Local Authorities	N/A	N/A	2,000	0	0	0	0	2,000
Total			11,065	2,000	0	5,070	6,534	24,669

The above analysis shows that all deposits outstanding as at 31st March 2018 met the Commissioner's credit rating criteria on the 31st March 2018. The analysis excludes the estimated carrying value after impairment of the Commissioner's Icelandic Bank investment of £3k.

Trade Receivables

The following analysis summarises the Commissioner's potential maximum exposure to 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 2017	31 st March 2018
Gross Debtors (£'000)	1,837	1,596
Bad Debt Provision as a % of Group Trade Debtors	3.42	2.38
Credit risk exposure	63	38

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 2017 £'000	Loans maturing within:	31 st March 2018 £'000
173	Under 1 Year	189
173	Total Current Borrowing	189
189	1 – 2 years	207
682	2 – 5 years	747
1,254	5 – 10 years	982
0	10 – 15 years	0
0	15 + years	0
2,125	Total Long Term Borrowing more than 12 months	1,936

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.

46. Trust Funds

Safer Dyfed-Powys Diogel was formerly known as the Dyfed Powys Crime Prevention Trust.

On 1st August 2017 the Trust was formally re-named Safer Dyfed-Powys Diogel.

Safer Dyfed-Powys Diogel is a registered charity which has been invigorated by the Police and Crime Commissioner, with the objective to promote crime prevention and community safety advice, reduce the fear of crime and provide education and information on community safety amongst all the communities within Dyfed-Powys. The charity, in time, will develop lots of community focused projects to meet these objectives and will support the delivery of community safety in Dyfed-Powys.

The objectives of the charity are:

For the public benefit, the promotion of crime prevention and community safety advice, reduction of the fear of crime and the provision of education and information on community safety in particular but not exclusively;

a) To prevent and reduce the fear of crime throughout Dyfed Powys by working with schools, community groups, charities and Dyfed Powys Police to undertake crime and disorder prevention initiatives and programmes;

b) Assist in measures to reduce the level of crime and meet the priorities in the Police and Crime Plan and those of Dyfed Powys Police;

c) To support families, individuals and vulnerable groups who have become victims of crime and are affected by crime or the fear of crime;

d) Other activities that support the work of the Police and the Police and Crime Plan

There has been no movement on the financial position during 2017/18 and the Bank Account Balance as at 31st March 2018 stands at £66,681.

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

Financial year end	Income	Spending	Net position
	£	£	£
31 st March 2018	0	0	0
31 st March 2017	0	0	0

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
2017/18	This refers to the period covered by these accounts - 1 April 2017 to 31 March 2018.
2016/17	This refers to the period covered for comparative purposes by these accounts – 1 April 2016 to 31 March 2017.
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.
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.

Term	Definition
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.
Impairment	A reduction in the value of a non-current asset, below its carrying amount in the balance sheet.

Term	Definition
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.