



Chief Constable of Dyfed Powys

Statement of Accounts 2013/14
(Single Entity)

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Explanatory Foreword

Introduction

This Statement of Accounts provides information on the financial position and financial performance of the Chief Constable of Dyfed Powys Police for the financial year 2013/14.

The Police Reform and Social Responsibility Act (PRSRA) 2011 abolished the Dyfed Powys Police Authority on the 21st November 2012. The Police Authority was replaced by two separate legal entities established as 'corporations sole' - the Police and Crime Commissioner for Dyfed Powys and the Chief Constable of Dyfed Powys.

These accounts set out the overall financial position of the Chief Constable for 2013/14. The financial position of the consolidated Group of the Commissioner and Chief Constable are set out in the Statement of Accounts of the Police and Crime Commissioner.

These are the second set of accounts to be produced by the Chief Constable of Dyfed Powys Police. The Accounts and Audit (Wales) Regulations 2005 as amended, require local government bodies to prepare a Statement of Accounts in accordance with proper practices. The Code is identified as representing proper practices.

As a result of the legislative changes outlined above, the establishment of the two new bodies has been accounted for in 2012/13 using merger accounting principles and more details on this are set out in the notes to the accounts.

Statement of Accounts

The accounts that follow this foreword provide further detail of the financial affairs of the Chief Constable and are comprised of:-

- **Independent Auditor's Report**, this sets out the opinion of the external auditor, the Wales Audit Office, on whether the Chief Constable accounts presented give a 'true and fair view' of the financial position and operations of the Chief Constable for 2013/14;
- **Statement of Responsibilities for the Statement of Accounts**, this statement sets out the responsibilities of the Chief Constable and the Chief Constable's Chief Finance Officer;
- **the Movement in Reserves Statement**, this statement would show the movement in the year on the reserves held by the Chief Constable; however as the Chief Constable does not hold reserves this is not included in this statement of accounts.
- **the Comprehensive Income and Expenditure Statement**, this statement summarises the resources that have been generated and consumed in providing policing and crime reduction services during the year. It includes all day to day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year;
- **the Balance Sheet** shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Chief Constable. As under the Police Reform and Social Responsibility Act, the Chief Constable is unable to hold cash, the Chief Constable's current assets and liabilities are balanced to nil via intra-group transfers

between the Commissioner and Chief Constable which are eliminated from the Group accounts.

- **notes to the financial statements**, are also included that set out the Statement of the Accounting Policies used as the basis of preparing the financial statements and provide further information which is required by the Code of Practice.

The Police Pension Fund

The Police Pension Fund Account appears in the Police and Crime Commissioner's Statement of Accounts and is also included in the Chief Constable's Accounts. The Chief Constable is responsible for ensuring the administration of the pension schemes and the appropriate maintenance and provision of the relevant accounts. The role of the Police and Crime Commissioner in the pension schemes will be limited to specific decisions and discretions concerning the pension and retirement of the Chief Constable, and discretion on the application of pension forfeiture for all police officers. The Chief Constable is responsible for ensuring that accurate and up to date information is provided to the Home Office on the force's pensions account and future forecasts for police pensions income and expenditure.

Glossary of terms

A glossary of terms has also been prepared and is included at the end of the Statement of Accounts to assist readers in understanding technical accounting terminology.

Annual Governance Statement

The Annual Governance Statement is included within this Statement of Accounts. The statement is a statutory document which explains how the body of the Chief Constable has complied with its own Code of Corporate Governance, and also provides assurance on the systems of internal control that the Chief Constable maintains and on the way the Chief Constable conducts its affairs.

Police and Crime Plan Priorities

The Police and Crime Commissioner has published a Police and Crime Plan which builds on the priorities of those organisations that currently deliver crime and policing services in Dyfed Powys. It sets the Commissioner's priorities for the next five years:

- Preventing and dealing with incidents and crime
- Protecting vulnerable people
- Bringing people to justice
- Enhancing access to policing services
- Ensuring high standards of professionalism
- Spending wisely

The Chief Constable is accountable to the law for the exercise of police powers, and to the Police and Crime Commissioner for the delivery of efficient and effective policing, management of resources and expenditure by the police force. At all times the Chief Constable his officers and staff, remain operationally independent in the service of the communities that they serve. The Chief Constable is responsible to the public and accountable to the Police and Crime Commissioner for supporting the Police and Crime Commissioner in the delivery of the strategy and objectives set out in the Plan.

The Commissioner set out a number of commitments within the Police and Crime Plan with regards to making data available to the public allowing them to judge progress made against the Plan. The Reports published by the Commissioner are available at the following address:

<http://www.dyfed-powys.pcc.police.uk/en/Priorities-and-Policies/Performance-Data/Performance-Data.aspx>

Financial Performance in 2013/14 against the Chief Constable's Revenue budget

In February 2013, the Police and Crime Commissioner set a budget for the financial year 2013/14 of £98.179 million. This incorporated a reduction in Central Government Grants of 1.6% for 2013/14 and a precept increase of 3.9% to £206.28 for a band D property.

The Table below sets out the final out-turn position for 2013/14 compared with the revised budget for the Chief Constable and for the Group as a whole. Overall the Group delivered a balanced budget.

This report is in a subjective analysis format which is used by internal management for reporting purposes against the budget. The format differs to the Comprehensive Income and Expenditure Statement, and a reconciliation between the two formats is shown in Note 12.

| | Group | | | Chief Constable | | |
|---|-----------------------|-----------------|--------------------|-----------------------|-----------------|--------------------|
| | Revised Annual Budget | Actual | (Over)/Under spend | Revised Annual Budget | Actual | (Over)/Under spend |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Employee Costs | 90,053 | 86,390 | 3,663 | 89,439 | 85,771 | 3,668 |
| Premises Costs | 3,436 | 3,313 | 123 | 3,436 | 3,313 | 123 |
| Transport Costs | 3,000 | 2,544 | 456 | 2,988 | 2,537 | 451 |
| Supplies & Services | 7,935 | 7,053 | 882 | 7,669 | 6,772 | 897 |
| Agency & Contracted Services | 3,775 | 2,981 | 794 | 2,779 | 1,947 | 832 |
| Total operating expenses | 108,199 | 102,281 | 5,918 | 106,311 | 100,340 | 5,971 |
| Capital Financing Costs | 1,098 | 2,085 | (987) | 1,098 | 2,085 | (987) |
| Impairment | 0 | (61) | 61 | 0 | (61) | 61 |
| Gain/Loss on disposal of non-current assets | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest payments on external borrowing | 564 | 620 | (56) | 564 | 620 | (56) |
| Capital Financing and impairment | 1,662 | 2,644 | (982) | 1,662 | 2,644 | (982) |
| Appropriations to/from pensions fund | 0 | 0 | 0 | 0 | 0 | 0 |
| Contributions to/from reserves | (416) | 6,075 | (6,491) | (428) | 5,882 | (6,310) |
| Appropriations | (416) | 6,075 | (6,491) | (428) | 5,882 | (6,310) |
| Fees, charges & other service income | (3,820) | (4,968) | 1,148 | (3,820) | (4,968) | 1,148 |
| Government grants (Revenue & Capital) | (7,446) | (7,853) | 407 | (6,590) | (6,763) | 173 |
| Total Income | (11,266) | (12,821) | 1,555 | (10,410) | (11,731) | 1,321 |
| Net Expenditure | 98,179 | 98,179 | 0 | 97,135 | 97,135 | 0 |
| Financed By: | | | | | | |
| Police Grant | (39,828) | (39,828) | 0 | 0 | 0 | 0 |
| National Non- Domestic Rates | (14,034) | (14,034) | 0 | 0 | 0 | 0 |
| Revenue Support Grant | (943) | (943) | 0 | 0 | 0 | 0 |
| Council Tax | (43,374) | (43,374) | 0 | 0 | 0 | 0 |
| Total Financing | (98,179) | (98,179) | 0 | 0 | 0 | 0 |

Key points to note in the above table are:

- The under spend against employee cost is attributable principally to police officers being under strength in the early part of the financial year. The Force also experienced high turnover in terms of police officer retirements during 2013/14

and this resulted in it being under its establishment despite recruiting at full capacity during the second half of the financial year. As a result of work undertaken during the year it was determined that an additional 30 officer posts could be afforded from within the existing budget.

- Police staff positions were also down on the budget for 2013/14 with a number of posts being held vacant. This was in line with reductions planned as part of the “Public First” cost reduction programme.
- Non-pay expenditure was also down on the budget reflecting continued scrutiny and restraint being applied to all expenditure headings.
- The Force received some significant unbudgeted income from mutual aid and, special services of police worked by officers in policing national and local events which was a further one off saving against the budget. This was applied to capital ANPR and equipment purchases. Additional income had also been received in respect of interest receipts and against the prosecution costs recovered.
- A significant contribution to reserves of £6 million has been made by the Commissioner representing a significant reduction against the original budget primarily as a result of the staffing variances outlined above.

Pensions Liability

The Pensions Liability which is disclosed on the Balance Sheet reflects the underlying commitments that the Chief Constable has in the long run to pay retirement benefits. In 2013/14 this amounts to £883,923 million compared to £893,037 million in 2012/13.

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 24.2% for police officers and 13.1% 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.

Exceptional items of Income and Expense

Exceptional items are disclosed and described separately in the Statement of Accounts where it is necessary to do so to clearly explain the financial performance of the Group. Items reported as exceptional are material items of income and expense that have been shown separately due to the significance of their nature or amount. No exceptional items of income and expense have been identified in 2013/14.

Significant Changes in Accounting Policies

There were no significant changes in accounting policies which impact on the Statement of Accounts.

Major Changes in Statutory Functions

The Police Reform and Social Responsibility Act provided for the transfer of statutory functions during 2012/13 from the Police Authority to the Commissioner. Note 5 “Accounting for the new governance arrangements” explains how these changes are reflected in the Statement of Accounts.

Planned future changes in service delivery

The Police Reform and Social Responsibility Act allows for a second “Stage 2” transfer, which is to take effect on the 1st April 2014. This refers to the subsequent movement of certain police staff, property, rights and liabilities from the Commissioner to the Chief Constable.

The Commissioner has decided to transfer the employment of all Police Staff other than those working directly in his Office to the employment of the Chief Constable on the 1st of April 2014. The Commissioner retains the responsibility for the Strategic Estate and a Head of Estates is employed by the Commissioner for this purpose. A revised Code of Corporate Governance Framework has been published in April 2014. The Commissioner has retained ownership of all assets and all purchasing and contracts are entered into in the name of the Police and Crime Commissioner.

Material Events after the Reporting Date

There were no events after the balance sheet date applicable to the Chief Constable at the 31st March 2014.

Discretionary Payments

A matter has arisen nationally during 2013/14 which raises concerns about the legality of some discretionary allowances paid to a small number of chief officers at forces throughout England and Wales which includes Dyfed Powys Police. A press release issued by the Police and Crime Commissioner, highlighted that national media coverage raised concerns about the lawfulness of such discretionary payments. This is due to the payments not being referred to under the specific provisions of the 2003 Police Regulations.

Further legal advice obtained by the Commissioner appears to confirm that the discretionary payments could be unlawful. Prompt action has been taken to stop any further discretionary allowances being paid until such time as the legal position is fully clarified. Some of these payments related to amounts paid in 2012/13 and 2013/14 and these are highlighted in Note 15, Officers’ remuneration.

Pensions Reform

In March 2011 Lord Hutton was commissioned by the government to conduct an independent review into the future of public service pensions. As the cost of pensions has increased by a third in the last 10 years, he concluded that current scheme designs are not sufficiently robust to be sustainable.

Therefore, the government is introducing a new Local Government Pension Scheme from April 2014 and a new Police Pension Scheme from April 2015. The key changes are:

- A move from final salary to a Career Average Revalued Earnings scheme
- The normal pension age will be 60 for police officers, whilst for police staff the normal pension age will be linked to the State Pension Age
- The average member contribution will increase, with higher earners paying higher contributions than currently

The reforms outlined above will shift the burden of cost from the employer (ultimately the taxpayer) to the employee, ensuring that pensions will be fairer and more sustainable in the future.

The Chief Constable will continue during 2014/15 to determine the financial consequences of the above on the Medium Term Financial Plan. The Group has a sound financial position achieved through strong financial management processes, with adequate reserves and a good record of achieving efficiency savings which makes it well placed to face the challenges ahead.

Impact of the current economic climate on the Chief Constable

Under the Police Reform and Social Responsibility Act the Police and Crime Commissioner of Dyfed Powys is responsible for allocating a budget to the Chief Constable and the Dyfed Powys Police Force. He is also responsible for allocating assets and funds to the Chief Constable and for setting the precept for the Force area. Home Office Police Grant and Welsh Government funding are all received by the Police and Crime Commissioner.

The grant settlement for the 2014/15 financial year was particularly challenging with a reduction in funding of 4.8% being applied to central grants. In setting the police element of council tax (known as the precept) the Commissioner was conscious of balancing the pressures on household budgets against the need to provide an effective public policing service. This resulted in a precept rise of 2.1% for the 2014/15 year which was in line with inflation.

The outline budget allocated for 2014/15 has included annual recurring cost reductions of £3.747 million, being the target set by the Commissioner for the Chief Constable for 2014/15. The Medium Terms Financial Plan covering the period 2014/15 to 2017/18 was published alongside the budget for 2014/15 and this highlights a significant degree of uncertainty pertaining to the amount of funding which will be available to the Force over this period.

It is expected that a similar reduction in grant of around -5% will be applied by the Home Office in 2015/16. The financial position thereafter will be affected by Home Office Ministerial decisions around formula funding methodology, the outcome of the next Comprehensive Spending Review (which follows the General Election) as well as local decisions made by the Police and Crime Commissioner on Precept and Policing priorities. In addition some significant cost increases could arise from April 2016 as a result of changes to National Insurance that are planned as part of wider Government Pensions Reforms. This could add around £1.3 million to the Chief Constable's Budget requirement in 2016/17.

Given the significant uncertainty in the future funding position the Commissioner and Chief Constable have engaged in a "Public First" programme which is aimed at making significant reductions in the costs of supporting front line policing activities.

An exercise has been undertaken to update the Cost Reduction Plan to take account of the further cost reduction activities and opportunities that have been developed in recent months through "Public First". The cost reductions sought for 2014/15 and 2015/16 years are particularly challenging and are outlined in the table below:

Cost Reduction Summary 2014/15 to 2017/18

| Force cost reductions | Future Plans | | | | |
|--|---------------------|----------------|----------------|----------------|----------------|
| | 2014/15 | 2015/16 | 2016/17 | 2017/18 | Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| <u>Public First Programme</u> | | | | | |
| Business and Operational Support | -1,425 | -1,550 | -622 | 0 | -3,598 |
| Senior Officer / Staff Pay Reductions | -123 | 0 | 0 | 0 | -123 |
| Police Officer Structures | -75 | -30 | 0 | 0 | -105 |
| Non Pay Budget Review | -200 | -150 | -100 | -50 | -500 |
| Collaboration | 0 | -400 | -250 | -120 | -770 |
| Greener Energy Initiative - Sustainability Group Savings | -150 | 0 | 0 | 0 | -150 |
| Total | -1,973 | -2,130 | -972 | -170 | -5,246 |
| <u>Other Force Reductions</u> | | | | | |
| Winsor Review - Police Officers | -530 | -230 | -300 | -200 | -1,260 |
| Police Officer Allowances | -250 | -100 | -50 | 0 | -400 |
| Other Supplies and Services Reductions / Non Pay Budgets | -410 | -350 | -350 | -350 | -1,460 |
| | -1,190 | -680 | -700 | -550 | -3,120 |
| <u>Commissioner's Budget Reductions</u> | | | | | |
| Ammanford PFI - Savings | 0 | -50 | 0 | 0 | -50 |
| Capital Financing Reduction | -400 | 0 | 0 | 0 | -400 |
| Interest Receipts | -184 | 0 | -85 | -50 | -319 |
| Pension Deficit - Use of Reserves | 0 | 0 | -375 | 0 | -375 |
| Total Savings Identified | -584 | -50 | -460 | -50 | -1,144 |
| Total Identified | -3,747 | -2,860 | -2,132 | -770 | -9,510 |
| Unidentified Savings Requirements | 0 | 0 | -1,286 | -1,106 | -2,392 |
| Total Savings Required | -3,747 | -2,860 | -3,418 | -1,876 | -11,902 |

It is apparent that current plans, if implemented successfully, will enable the Force to balance budgets for 2014/15 and 2015/16 through implementing "Public First" however further cost reductions would be required post April 2016 should the funding assumptions prove correct. Increasingly it is feared that these will need to focus on difficult operational vs operational spending reduction decisions once support structures have been optimised to be minimally efficient under the "Public First" proposals.

Based on current assumptions there is a cost reduction requirement of at least £11.9 million for the period 2014/15 to 2017/18. The Force has firm plans in place at present to deliver £9.5 million through the work being undertaken by the Commissioner and Force through 'Public First'.

Statement of Responsibilities

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

The Chief Constable's responsibilities

The Chief Constable is required to:

- make arrangements for the proper administration of his financial affairs and to secure that one of his officers has the responsibility for the administration of those affairs, that officer is the Chief Financial Officer;
- manage his 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 2013/14.



18/09/2014

Chief Constable of 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 Chief Constable at the reporting date and of its expenditure and income for the year ended 31st March 2014.



18/09/2014

Chief Financial Officer to the Chief Constable

Date

Annual Governance Statement

Scope of responsibility

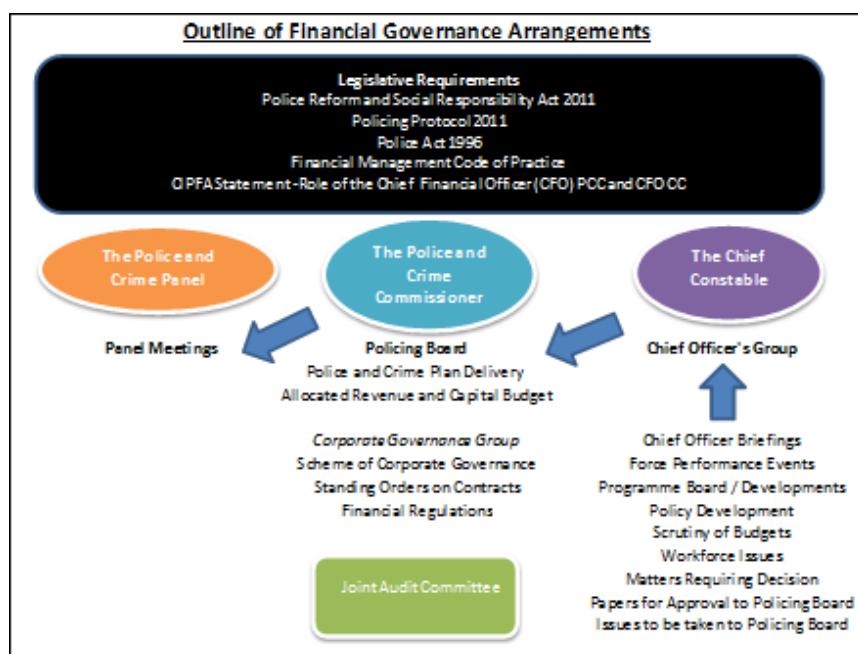
The Chief Constable is responsible for ensuring that the delivery of operational policing is conducted in accordance with the law and property standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Chief Constable also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which his functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Chief Constable is responsible for putting in place proper arrangements for the governance of his affairs, facilitating the effective exercise of his functions, and which includes arrangements for the management of risk.

This Code of Corporate Governance is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

The purpose of the governance framework

An overview of the Governance arrangements in being for the Force is shown in the chart below:



The governance framework comprises the systems and processes, cultures and values by which the force is directed and controlled by the Chief Constable and its activities through which it accounts to, engages with and leads its communities. It enables the Force to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost effective services.

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

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

The governance framework has been in place at the force throughout the year and up to the date of approval of the Statement of Accounts.

The governance framework

The Chief Constable is exclusively responsible for all operational policing matters, the direction and control of police personnel and for putting in place proper arrangements for the governance of the Force. The Police and Crime Commissioner holds the Chief Constable to account for the exercise of those functions.

This Annual Governance Statement provides a summary of the extent to which the Force meets the six principles of good governance as identified in the revised *“Delivering Good Governance in Local Government: Guidance Note for Police 2012”*.

Core principle 1 – Focusing on the purpose of the PCC and the Force, and on outcomes for the community, and creating and implementing a vision for the local area.

The Policing Board sits at the heart of the governance arrangements in Dyfed Powys Police. It is a mechanism for ensuring that the Commissioner fulfils his legal obligation for the “totality of policing in Dyfed Powys” whilst safeguarding the operational independence of the Chief Constable. The Policing Board meets on a weekly basis and scrutinises and drives the performance of Dyfed Powys Police in accordance with the Police and Crime Plan 2013-2018. One meeting a month has an in-depth focus on one Police and Crime Plan priority, and this is a public meeting. A further monthly meeting focusses on financial matters.

The Chief Constable exercises governance over the Force predominantly through the Chief Officer Group. This group enables the Chief Constable to maintain oversight of operational policing matters, the management of resources and financial performance.

Chief Officers receive a briefing once a week on operational matters from senior police officers and an operations meeting is held quarterly with Chief Officers, senior officers and police staff. Force performance events have been re-aligned to directly monitor achievement against the six Police and Crime Plan priorities. A revised Community Engagement and Consultation Strategy was approved by Chief Officers during the year.

There is a thorough analysis of HMIC VFM profiles to identify areas of high spend and resource to consider potential reviews. The Force is implementing the “Public First Programme” which is aimed at ensuring that the Force Structures provide Value for Money and prioritise the delivery of services to the Public.

The Policing Board reviews current and proposed collaborative arrangements to ensure that joint working between the Force, Commissioner and others support the Police and Crime Plan objectives.

Police Forces in Wales have a long, successful history of collaborating to develop specialist areas of policing. Collaboration is 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 is responsible for ensuring the Strategic Policing Requirement is met. As part of this, he looks to work in collaboration with other Commissioner's and forces to provide the most effective service possible. Such agreements are regulated by Section 22A of the Police Act 1996, as amended by the Police Reform and Social Responsibility Act 2011.

Core principle 2 - Leaders, officers and partners working together to achieve a common purpose with clearly defined functions and roles.

The legal powers and duties of the Chief Constable are set out in the Policing Protocol Order 2011. The Chief Constable is responsible for maintaining the Queen's peace and has direction and control over the officers and staff operating within the Dyfed Powys Police force. The Policing Protocol Order 2011 sets out how his functions will be exercised in relation to the Commissioner.

There are legislative requirements upon the Chief Constable to appoint a suitably qualified Chief Finance Officer (CFO). This post was occupied on an interim basis and shared with the Commissioner until 1st March 2014 when a permanent appointment was made. The Chief Financial Officer for the Police and Crime Commissioner was appointed soon thereafter.

The Financial Management Code of Practice builds on the Policing Protocol and sets out the working relationship between the Commissioner and the Chief Constable and their CFO(s), having regard to the role performed by the Commissioner's Chief of Staff. The roles and responsibilities of the CFO are set out in the Financial Management Code of Practice.

The Joint Code of Governance detailed the key roles of the Commissioner, Chief of Staff, Chief Constable and the Chief Finance Officer (CFO) during 2013/14 and how they should discharge their responsibilities, reflecting their commitment to the statutory requirements. This is replaced by the Corporate Governance Framework from the 1st April 2014.

During 2013/14 the Scheme of Governance set out the Scheme of Delegation, Financial Regulations and Standing Orders Relating to Contracts. This document has been superseded by the Corporate Governance Framework from the 1st April 2014 which reflects the Stage 2 arrangements.

Job description, role requirements and person specifications exist for all roles within the Force. By defining and documenting roles there is a clear understanding of the respective responsibilities, and a commitment to an open and mutually supportive relationship between individuals, the risk of tensions developing with implications for the delivery of the service is greatly reduced.

The Chief Constable ensures that, when working in partnership, all employees are clear about their roles and responsibilities both individually and collectively in relation to the partnership and the force. Decision making in relation to such matters are made at the Chief Officer Group and Policing Board.

The Professional Standards Anti-Corruption Unit (ACU) is responsible for oversight of gifts and hospitality within the Force including the gifts and hospitality guidance and the online Gifts and Hospitality Register. The ACU actively monitors any gifts and hospitality received and provides advice to officers on the realms of acceptability. Professional Standards, via its Marking Plan, raises awareness of gifts and hospitality recording requirements.

Professional Standards has responsibility for the Business Interests and Secondary Employment Policy. This Policy aims to ensure that no police officer or staff member has a business interest or secondary employment that adversely affects or acts as a conflict of interest with their role in the Force.

Through these arrangements, the force has minimised losses through fraud, bribery, and corruption and further embedded the management of fraud risk with the culture of the force. This promotes as far as possible, staff to work honestly and with integrity.

Core principle 3 - Promoting values for the PCC and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

The Policing Protocol 2011 requires all parties to abide by the seven Nolan principles and these will be central to the conduct and behaviour of all.

The Commissioner handles complaints and conduct matters in relation to the Chief Constable and monitors complaints against officers and staff.

All police officers, including Chief Officers, are subject to the Police Conduct and Performance Regulations – Police (Conduct) Regulations 2008, Police (Performance) Regulations 2008, Police (Complaints and Misconduct) Regulations 2008 and the relevant provisions of the Police (Amendment) Regulations 2008.

The Force has published a Code of Conduct for Police Staff which defines the standards of behaviour expected of staff and the disciplinary procedure which would be adopted should the standards not be adhered to. Staff are made aware during their induction of how they are expected to conduct themselves in a professional capacity and the disciplinary process that they would be subjected to if these Codes were breached.

The Professional Standards department records and investigates complaints made by members of the public about police officers and police staff. It also investigates internal misconduct matters relating to police officers and coordinates investigation of on-duty criminal offences relating to police officers and police staff. A review of the Professional Standards Department is being undertaken in 2014/15. The force works hard to maintain a strong working relationship with the IPCC.

Dyfed Powys was one of the first Forces to introduce a bespoke online system – the Dissatisfaction System (dis-sat) for the recording of low level dissatisfaction. It gives responsibility to local policing areas to record and deal with low level dissatisfaction at source – this is in line with the ethos of the IPCC Statutory Guidance of "getting things right first time" and it prevents matters being unnecessarily introduced into the formal legislative complaints process.

The Force has a multi-departmental Learning the Lessons Working Group this is coordinated by the Legal Service Department and chaired by the Deputy Chief Constable. The forum allows for all departments, and in particular the Professional Standards Department, to bring issues where learning has been identified (e.g. through public complaints or conduct investigations) and whereby lessons can be promulgated to the Force as is necessary.

The Force has a "Safecall" confidential reporting line which sets out the whistle blowing process for receiving and investigating complaints.

By having whistleblowing and complaints procedures in place this encourages staff and the public to feel confident in raising concerns and to question and act upon concerns about practice. It provides avenues for concerns to be raised in confidence and receive feedback on any action taken.

Core principle 4 – Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

The Chief Constable is committed to a clear, effective and robust accountability framework through the Chief Officer Group and Policing Board. The Policing Board allows the Chief Constable to exercise his role in a transparent manner, providing a forum for accountability and decision making about issues central to the efficient functioning of the force.

The Chief Constable receives independent legal advice from the Head of Legal Services, who is an employee of the Force and heads up the Legal Services team.

All decisions made by Chief Officer Group and Policing Board are properly documented and available for inspection at any time. Such a process ensures that relevant legal, financial and other considerations are properly recorded and considered prior to a

decision being taken. The Publication Scheme establishes the means by which information relating to decisions is made available to local people, with those of greater interest receiving the highest level of prominence, except where operational and legal constraints exist.

During 2013/14 the Scheme of Governance identified the parameters for decisions-making, including the delegations, financial limits for specific matters and standing order for contracts. These limits are embedded into the main financial system so that purchase orders are appropriately budgeted and approved at the appropriate level of Authority.

The decision making protocol sets out principles behind how decisions are taken by, and on behalf of the Chief Constable and the standards to be adopted. This ensures that those making decisions are provided with information that is fit for the purpose – relevant, timely and accurate and gives clear explanations of technical issues and their implications.

The National Decision Model is applied to spontaneous incidents or planned operations, by officers or staff within the force as individuals or teams, and to both operational and non-operational situations.

The risk management strategy establishes how risk is embedded throughout the organisation, with the Chief Constable and his staff and officers all recognising that risk management is an integral part of their job. Communication and engagement strategies demonstrate how the Chief Constable ensures that local people are involved in decision making. The risk register is a standing agenda item on the Chief Officer Group meetings and this has been strengthened and improved as a result of the Internal Audit Review of risk management.

The Chief Constable observes all specific legislative requirements placed upon him, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice into this procedures and decision making processes.

Core principle 5 – Developing the capacity and capability of the PCC, officers of the PCC and the Force to be effective.

The Chief Constable ensures that his officers and staff receive appropriate induction and that training and development programmes are tailored to individual needs and opportunism, linked to the Performance Development Review system.

This training plan ensures that skills are developed on a continuing basis to improve performance including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.

The Performance Development Review system ensures that objectives are set, performance is reviewed and action plans include any training or development needs. A Senior Leadership Forum exists to develop leaders within the organisation and to consider and discuss emerging issues and approaches to Strategic opportunities and challenges.

The public are regularly consulted with and individuals are encouraged from all sections of the community to engage with, contribute to and participate in the work of the force.

Core principle 6 – Engaging with local people and other stakeholders to ensure robust public accountability

Locally administered victim satisfaction surveys are undertaken by interviewing a randomly selected sample of members of the public that have had contact with the Force. The survey provides the force with valuable feedback about the experiences, perceptions and views of victims of crime and anti-social behaviour, which is invaluable in shaping the services provided.

Crime Survey for England and Wales confidence data is published quarterly by the Commissioner. This provides an independent assessment of public perception and in contextualised to be comparable to other parts of the country.

The results of these surveys are reported to the public via quarterly reporting of progress of the Police and Crime Plan.

This is complemented by the communication and engagement strategies which set out how local people will be involved with the Chief Constable to ensure that they are part of the decision making, accountability and future direction. This is a mixture of being part of the yearly planning arrangements and being involved in issues of interest to local people as they emerge.

This was put into practice when Dyfed Powys Police hosted a Rural Policing Summit in December 2013 which brought together people from various organisations, community groups and farming and academic backgrounds to discuss how everyone can work together to improve the service provided by the Police to the rural communities. The aim of the Rural Policing Summit was to gather information, knowledge and expertise to enable the force to better understand the needs and wants of its rural communities in Dyfed Powys. It follows the consultation that took place in the summer that asked people to share their thoughts on the services provided and how they could be improved, particularly those people living in more isolated areas where people feel disadvantages by a lack of access to services.

The Wales Audit Office presented their findings from their review of the effectiveness of public engagement to the Audit Committee meeting in December 2013. They study concluded that there was a strong commitment to community engagement and an opportunity to build on this to enable citizens help shape the police service.

Review of effectiveness

The Chief Constable has responsibility for conducting at least annually, a review of the effectiveness of the governance framework, including the system of internal control. The review of effectiveness is informed by the work of 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 Chief Constable has put in place the following arrangements to review the effectiveness of the Code of Corporate Governance:-

- The Chief Constable is committed to a joint local Code of Corporate Governance and for carrying out an annual review of its effectiveness.
- A formal review of both the Code of Corporate Governance and the Scheme of Governance is undertaken annually.

Considerable progress has been made in establishing and strengthening the governance framework over the year 2013/14. The Chief Constable has concluded that the governance framework is fit for purpose although recognises that further work will be required to strengthen this further from 1st April 2014 – the date of the “Stage 2” transfer under the PRSRA.

Audit Committee members received training on their roles and responsibilities during 2013/14. Under the terms of reference, the Joint Audit Committee is responsible for conducting, at least annually, a review of the governance framework, including:

- The system of internal audit; and
- The system of internal control

These reviews are completed / informed by the work of the Corporate Governance Group, internal auditors and also officers and staff within the Force, who have responsibility for the development and maintenance of the governance environment. In addition comments made by external auditors and other review agencies and inspectorates inform this review.

The Corporate Governance Group has been delegated responsibility for undertaking the process of maintaining and reviewing the effectiveness of the governance framework.

The Force

The Deputy Chief Constable under delegated authority for the Chief Constable is responsible for corporate governance issues affecting professional standards and performance, strategic co-ordination and planning (including risk management and business continuity), strategic assessments and crime recording. He is also responsible for corporate governance issues affecting the management of information, including information security and data protection.

The Director of Finance has a key role to play in advising the Chief Constable from a professional perspective in terms of embedding the Principles of Good Governance within day-to-day Force business.

This Annual Governance Statement (AGS) will be published on the Force website alongside the annual Statement of Accounts. The AGS will include an action plan to rectify any significant areas of weakness in internal control and /or corporate governance.

Corporate Governance Group

This group includes representatives from both the Office of Commissioner and Force and meets on a quarterly basis. The objectives of the group are:

- To ensure Dyfed Powys Police has a corporate governance framework that reflects the principles and openness; integrity; accountability and quality and supports the delivery of the Police and Crime plan for the area;
- To consolidate and develop the Dyfed Powys Police corporate governance framework in the light of the principles set out in the CIPFA Framework "Delivering Good Governance in Local Government – Guidance note for Police".

This involves:

- undertaking a "gap analysis" against good practice as set out in the CIPFA Framework "Delivering Good Governance in Local Government – Guidance Note for Police", identifying areas that need updating, and agreeing a work programme with timescales and responsibilities
- producing easy to understand documentation to assist with ease of reference and compliance
- embedding the corporate governance framework by making it more accessible to staff so they understand how it impacts on their day-to-day work, providing training as necessary;
- considering the implications of the development of the corporate governance framework on decision making processes

- considering the extent to which Dyfed Powys Police complies with the principles and elements of good governance set out in the CIPFA Framework “Delivering Good Governance in Local Government – Guidance Note for Police”
- identify systems, processes and documentation that provide evidence of compliance, evaluating assurances and supporting evidence
- identify the individuals or mechanism responsible for monitoring and reviewing the systems, processes and documentation
- identifying any governance issues that have not been addressed and consider how they should be addressed
- identify the individuals who would be responsible for undertaking the actions that are required and monitoring the completion of such actions by the deadlines allocated
- collating evidence in support of the governance framework in the Corporate Governance Matrix, which is structured around the six core principles. This matrix forms the evidence base for the Annual Governance Statement
- reporting on the governance arrangements to the Joint Audit Committee
- compiling the Annual Governance Statement prior to consideration by the Joint Audit Committee

Corporate Governance Matrix

The Corporate Governance Group collates evidence in support of the governance framework in the Corporate Government Matrix, which is structured around the six core principles. This matrix forms the evidence base for the Annual Governance Statement.

Internal audit

The primary role of internal audit is to give an assurance to the Chief Constable on the effectiveness of the controls in place to manage risks. To this end the Internal Auditor delivers 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 on the Internal Auditor, is one of the key sources of evidence in support of the Annual Governance Statement. During 2013/14 the internal auditor, TIAA Ltd expressed the following opinion;

“TIAA Ltd is satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of Dyfed Powys Police's risk management, control and governance processes. In our opinion, Dyfed Powys Police has adequate and effective management, control and governance processes to manage the achievement of its objectives

External Audit

The external auditor, the Wales Audit Office audits the financial statements of the Chief Constable and also reviews the Annual Governance Statement(s). External audit plans and reports, including the Annual Audit letter, are considered by the Joint Audit Committee at appropriate times in the annual cycle of meetings.

Her Majesty's Inspectorate of Constabulary (HMIC)

The role of the HMIC is to provide the economy, efficiency and effectiveness of policing in England, Wales and Northern Ireland through inspection of police organisations and functions to ensure agreed standards are achieved and maintained; good practice is

spread and performance is improved. It also provides advice and support to the tripartite partners (Home Secretary, Commissioner and forces) and plays an important role in the development of future leaders.

HMIC reports are sent to the Chief for consideration and appropriate action. HMIC, working alongside external audit, play a key role in informing the Commissioner and the public on the efficiency and effectiveness of their forces and, in so doing, facilitate the accountability of the Commissioner to the public. Updates and actions undertaken as a result of the HMIC activities are reported and monitored through the Joint Audit Committee.

Significant governance issues and actions

During the year the Force has dealt appropriately with difficult issues following the debate reported in the media around the legality of a small number of discretionary payments and stopped such payments and took legal advice once it became apparent that there were questions over their legality. This matter is currently on-going.

The Force has under-spent against its original capital and revenue budgets and this was highlighted and reported through year consistently at Chief Officers Group and the Policing Board meetings and resulted in a comprehensive police officer recruitment programme and work in relation to the ICT and Estates strategy to avoid this position for 2014/15.

The Force and Chief Constable have made considerable progress in addressing Stage 2 transfer issues, appointment of their own Chief Financial Officers and in establishing a comprehensive Corporate Governance Framework implemented from 1st April 2014.

We have been advised on the implications of the results of the review of the effectiveness of the governance framework by the Corporate Governance Group, the Joint Audit Committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed during the year and those to be specifically addressed with new actions planned are outlined below.

| Governance area | Action |
|---|---|
| <p><u>Partnership working</u></p> <p>The force needs to capture information on all its partnership working in a partnership register which is regularly reviewed, ensuring that partnership working is underpinned by a common vision of the work that is understood and agreed by all parties.</p> <p>Also that those making decisions whether for the Chief Constable or partnerships understand their role and are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications.</p> | <p>The Chief Constable through the Corporate Governance Group should establish what partnership working arrangements exist and determine whether these arrangements remain effective in the delivery of the Police and Crime Plan priorities, ensuring governance arrangements are in place and adhered to.</p> |
| <p><u>Public First – Already Addressed</u></p> <p>Over the year the Force has needed to ensure that appropriate Governance arrangements are applied in connection with managing the implications “Public First Programme”.</p> | <p>A clear Governance structure has been applied in relation to the “Public First Programme” with the responsibility for the final design and implementation of the Programme resting with the Chief Constable. Scrutiny and accountability</p> |

CHIEF CONSTABLE OF DYFED POWYS

| | |
|--|--|
| | has been exercised through the Policing Board. Key strategic decisions have gone through the Board and Programme arrangements have been established in Force. This is a standing agenda item on the Chief Officer's Group. |
| Updating the Corporate Governance Framework to take account of the Stage 2 Transfer – Already Addressed / Continually Review | An updated Corporate Governance Framework has been approved and has been operational from 1 st April 2014. This will continue to be reviewed in terms of its operation and effectiveness during the year. |

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: 18/09/14



Simon Prince

Chief Constable

Signed 18/09/14



Edwin Harries

Chief Finance Officer

Signed: 18/09/14



Alasdair Kenwright

Chair of the Joint Audit Committee

Independent auditor's report to the Chief Constable for Dyfed Powys

I have audited the accounting statements and related notes of the Chief Constable for Dyfed Powys for the year ended 31 March 2014 under the Public Audit (Wales) Act 2004.

The Chief Constable for Dyfed Powys' accounting statements comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, Police Pension Fund and related notes as shown on pages 23 to 56.

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 2013-14 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the independent auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 10, the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

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

Scope of the audit of the accounting statements

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

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

Opinion on the accounting statements of the Chief Constable for Dyfed Powys

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the Chief Constable for Dyfed Powys as at 31 March 2014 and of his income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013-14.

Opinion on the accounting statements of the Dyfed Powys Police Pension Fund

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

- give a true and fair view of the financial transactions for Dyfed Powys Police Pension Fund during the year ended 31 March 2014 and of the amount and disposition of the fund's assets and liabilities as at that date, other than liabilities to pay pensions and benefits after the end of the scheme year; and have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013-14.

Opinion on other matters

In my opinion, the information contained in the Explanatory Foreword for the financial year for which the accounting statements and related notes are prepared is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the Annual Governance Statement on which I report to you if, in my opinion, it does not reflect compliance with 'Delivering Good Governance in Local Government: Framework' published by CIPFA/SOLACE in June 2007, or if the statement is misleading or inconsistent with other information I am aware of from my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the Chief Constable for Dyfed Powys in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit Practice issued by the Auditor General for Wales.



Anthony Barrett – Appointed Auditor

Wales Audit Office, 24 Cathedral Road, Cardiff, CF11 9LJ

Date: 23 September 2014

The maintenance and integrity of the Police and Crime Commissioner for Dyfed Powys' website and the Dyfed Powys Police Force website is the responsibility of the Chief Finance Officer; 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.

Comprehensive Income and Expenditure Statement

| 2012/13 | | | | Note | 2013/14 | | |
|-------------------|------------------|------------------|--|------|-------------------|------------------|------------------|
| Gross Expenditure | Gross Income | Net Expenditure | | | Gross Expenditure | Gross Income | Net Expenditure |
| £'000 | £'000 | £'000 | | | £'000 | £'000 | £'000 |
| 63,226 | 0 | 63,226 | Local Policing | | 58,986 | 0 | 58,986 |
| 6,480 | 0 | 6,480 | Dealing with the Public | | 6,080 | 0 | 6,080 |
| 10,191 | 0 | 10,191 | Criminal Justice Arrangements | | 9,977 | 0 | 9,977 |
| 7,782 | 0 | 7,782 | Road Policing | | 7,612 | 0 | 7,612 |
| 4,096 | 0 | 4,096 | Community Intelligence | | 4,032 | 0 | 4,032 |
| 7,272 | 0 | 7,272 | Specialist Operations | | 7,574 | 0 | 7,574 |
| 10,711 | 0 | 10,711 | Special Investigation | | 10,651 | 0 | 10,651 |
| 3,066 | 0 | 3,066 | Investigative Support | | 3,160 | 0 | 3,160 |
| 5,403 | 0 | 5,403 | National Policing | | 5,279 | 0 | 5,279 |
| 66 | 0 | 66 | Non Distributed Costs | | 933 | 0 | 933 |
| 39 | | 39 | Corporate and Democratic Core | | 42 | 0 | 42 |
| 118,332 | 0 | 118,332 | Cost of Services | | 114,326 | 0 | 114,326 |
| 0 | 15 | 15 | Other operating expenditure | | 0 | 0 | 0 |
| 38,526 | 0 | 38,526 | Financing and investment income and expenditure | 7 | 38,733 | 0 | 38,733 |
| 0 | (156,873) | (156,873) | Commissioning Costs (intra-group transfer) | 5 | 0 | (153,059) | (153,059) |
| 156,858 | (156,858) | 0 | (Surplus)/deficit on Provision of services | | 153,059 | (153,059) | 0 |
| | | 97,788 | Actuarial (gains)/losses on pension assets/liabilities | | | | (48,292) |
| | | (97,788) | Commissioning Costs (intra-group transfer) | | | | 48,292 |
| | | 0 | Other comprehensive income and expenditure | | | | 0 |
| | | 0 | Total comprehensive income and expenditure | | | | 0 |

Balance Sheet

| 31st March 2013 | | Note | 31st March 2014 |
|-----------------------------------|-------------------------------|-------------|-----------------------------------|
| £'000 | | | £'000 |
| 0 | Property, plant & equipment | | 0 |
| 0 | Investment property | | 0 |
| 0 | Intangible assets | | 0 |
| 0 | Assets held for sale | | 0 |
| 893,037 | Long term debtors | 20 | 883,923 |
| 893,037 | Long term assets | | 883,923 |
| 0 | Short term investments | | |
| 396 | Inventories | 9 | 444 |
| 373 | Short term debtors | 10 | 391 |
| 0 | Cash and cash equivalents | | 0 |
| (769) | Intra-group transfer | 5 | (835) |
| 0 | Current assets | | |
| 0 | Bank Overdraft | | 0 |
| 0 | Short term borrowing | | 0 |
| (7,568) | Short term creditors | 11 | (3,608) |
| 0 | Provisions | | 0 |
| 7,568 | Intra - group transfer | 5 | 3,608 |
| 0 | Current liabilities | | |
| 0 | Long term creditors | | 0 |
| 0 | Long term borrowing | | 0 |
| (893,037) | Other long term liabilities | 20 | (883,923) |
| 0 | Provisions | | 0 |
| 0 | Grant receipts in advance | | 0 |
| (893,037) | Long term liabilities | | (883,923) |
| 0 | Net assets/liabilities | | 0 |
| 0 | Usable reserves | | 0 |
| 0 | Unusable reserves | | 0 |
| 0 | Total reserves | | 0 |

Police Pension Fund

Fund Account 2013/14

| Chief Constable | | | | Chief Constable | |
|---|-----------------|--|--|------------------------|-----------------|
| | | 2012/13 | | 2013/14 | |
| | £'000 | | | £'000 | £'000 |
| Contributions: | | | | | |
| (10,181) | | • Employer contributions | | (10,026) | |
| (5,052) | | • Member contributions | | (5,470) | |
| (40) | | Transfers in from other pension funds | | (242) | |
| (225) | | Other income | | (463) | |
| | (15,498) | | | | (16,201) |
| Benefits: | | | | | |
| 19,254 | | • Pensions | | 20,346 | |
| 5,023 | | • Commutations and lump sum retirement benefits | | 6,307 | |
| | 24,277 | | | | 26,653 |
| Payments to and on Account of Leavers: | | | | | |
| 122 | | Transfers out to other pension funds | | 414 | |
| 2 | | Refunds of contributions | | 4 | |
| 0 | 124 | Other expenditure | | 47 | 465 |
| | 8,903 | Net amount payable for the year | | | 10,917 |
| | (8,903) | Home Office Grant | | | (10,917) |
| | 0 | | | | 0 |

Details on how the Police Pension Fund is administered are included in the Explanatory Foreword.

Police Pension Fund Net Assets

There were no Police Pension Fund current assets or current liabilities at the end of the reporting period.

Notes to the Accounts

1. Accounting policies

General Principles

The Statement of Accounts summarises the Chief Constable's transactions for the 2013/14 financial year and the position at the year-end of 31st March 2014. The Chief Constable is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2005 (as amended), which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the Service Reporting Code of Practice 2013/14, 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.

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:

- 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.
- 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.

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 or in the notes to the accounts, depending on how significant the items are to an understanding of the financial performance of the Chief Constable.

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 Chief Constable. 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.

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 the revenue budget 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 Chief Constable to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy or early retirement and are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement when the Chief Constable is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Chief Constable 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 Chief Constable.

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 relevant service is charged with the employer's contributions payable to Police Officer Pensions in the year. Information on the long term pensions liability can be found in Note 20.

Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

The liabilities attributable to the Chief Constable 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.

Liabilities are discounted to their value at current prices, using a discount rate of 4.6% (based on the indicative rate of return on a high quality corporate bond).

The assets attributable to the Chief Constable are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value.

The change in the net pensions liability is analysed into the following components:

Service cost comprising:

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

Remeasurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the pension fund: cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Chief Constable to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at

the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Chief Constable also has 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.

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.

Inventories

Inventories are included in the balance sheet at current cost price. 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.

Leases

The Chief Constable as Lessee (Operating Leases)

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from the use of the leased property, plant or equipment. Charges are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. where there is a rent-free period at the commencement of the lease).

Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2013/14 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Office of the Police and Crime Commissioner's status as a multi-functional, democratic organisation
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

2. Previous Period Adjustments

International Accounting Standard (IAS) 19

IAS 19 - Employee Benefits outlines the accounting requirements for employee benefits, including short-term benefits (e.g. wages and salaries, annual leave), post-employment benefits such as retirement benefits, other long-term benefits (e.g. long service leave) and termination benefits. The standard establishes the principle that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable, and outlines how each category of employee benefits are measured, providing detailed guidance in particular about post-employment benefits.

It is applicable to annual accounting periods from 1st January 2013 onwards. This means that prior year figures had to be amended to take account of the implementation of this new accounting standard.

Entries related to post-employment benefits had the following effect on the 2012/13 comparative figures in the Chief Constable's Comprehensive Income and Expenditure Account:

| 2012/13 Audited | | | | 2012/13 Restated | | | Net Expenditure Difference |
|-------------------|------------------|-----------------|---|-------------------|------------------|-----------------|----------------------------|
| Gross Expenditure | Gross Income | Net Expenditure | | Gross Expenditure | Gross Income | Net Expenditure | |
| £'000 | | | | £'000 | | | £'000 |
| 63,191 | 0 | 63,191 | Local Policing | 63,226 | 0 | 63,226 | 35 |
| 6,442 | 0 | 6,442 | Dealing with the Public | 6,480 | 0 | 6,480 | 38 |
| 10,162 | 0 | 10,162 | Criminal Justice Arrangements | 10,191 | 0 | 10,191 | 29 |
| 7,779 | 0 | 7,779 | Road Policing | 7,782 | 0 | 7,782 | 3 |
| 4,085 | 0 | 4,085 | Community Intelligence | 4,096 | 0 | 4,096 | 11 |
| 7,270 | 0 | 7,270 | Specialist Operations | 7,272 | 0 | 7,272 | 2 |
| 10,706 | 0 | 10,706 | Special Investigation | 10,711 | 0 | 10,711 | 5 |
| 3,054 | 0 | 3,054 | Investigative Support | 3,066 | 0 | 3,066 | 12 |
| 5,403 | 0 | 5,403 | National Policing | 5,403 | 0 | 5,403 | 0 |
| 66 | 0 | 66 | Non Distributed Costs | 66 | 0 | 66 | 0 |
| 39 | 0 | 39 | Corporate and Democratic Core | 39 | 0 | 39 | 0 |
| 0 | 0 | 0 | Exceptional Items | 0 | 0 | 0 | 0 |
| 118,197 | 0 | 118,197 | Cost of Services | 118,332 | 0 | 118,332 | 135 |
| 0 | 15 | 15 | Other Operating Expenditure | 0 | 15 | 15 | 0 |
| 41,836 | (3,643) | 38,193 | Financing and investment income and expenditure | 38,526 | 0 | 38,526 | 333 |
| 0 | 0 | 0 | Taxation and non-specific grant income | 0 | 0 | 0 | 0 |
| 0 | (156,405) | (156,405) | Commissioning Costs (intra group transfer) | 0 | (156,873) | (156,873) | (468) |
| 160,033 | (160,033) | 0 | (Surplus) / deficit on Provision of Services | 156,858 | (156,858) | 0 | 0 |
| 0 | 0 | 98,277 | Actuarial (gains)/losses on pensions assets/liabilities | 0 | 0 | 97,788 | (489) |
| 0 | 0 | (98,277) | Commissioning Costs (intra-group transfer) | 0 | 0 | (97,788) | 489 |
| 0 | 0 | 0 | Other comprehensive income and expenditure | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | Total comprehensive income and expenditure | 0 | 0 | 0 | 0 |

Further adjustments have been made to the comparative figures in Note 7 Financing and Investment Income and Expenditure.

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 2014:

- IFRS 13 *Fair Value Measurement*
- IFRS 10 *Consolidated Financial Statements*
- IFRS 11 *Joint Arrangements*
- IFRS 12 *Disclosure of Interests in Other Entities*
- IAS 27 *Separate Financial Statements*

- IAS 28 *Investments in Associates and Joint Ventures*
- IAS 32 *Financial Instruments: Presentation*
- Annual Improvements to IFRSs 2009 – 2011 Cycle

In the Financial Statements for 2014/15, the effect of the changes will be assessed and where necessary, the comparative figures restated.

4. 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 Chief Constable 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 Chief Constable's Balance Sheet at 31st March 2014 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 |
|--------------------|---|---|
| Pensions liability | Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Chief Constable with expert advice about the assumptions to be applied. | The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the pay growth assumption for the police officer pension scheme would result in an increase in the pension liability of £15.3 million. |

5. Accounting for the new governance arrangements

Basis of the transition

The post of Chief Constable became established as a Corporation Sole and a separate legal entity in its own right under the Police Reform and Social Responsibility Act with effect from the 22nd November 2012. This legal status has therefore been in being throughout the 2013/14 financial year. The comparatives provided for the financial year 2012/13 shown in these financial statements reflect part of the financial performance and cash flows of the now abolished Police Authority for the period of 1st April 2012 to the 21st of November 2012.

This accounting treatment is as required by IFRS 6 Acquisitions and Mergers. Under merger accounting the Chief Constable was not accounted for as a new body from this date as the accounting treatment requires the accounts to present the new entity of Chief Constable as if it had always existed.

Accounting principles

These accounting principles consider the substance of transactions in determining whether to recognise income, expenditure, assets, liabilities and reserves and not solely their legal form.

Income and Expenditure

The Police Reform and Social Responsibility Act (PRSRA) states that the

Commissioner is the recipient of funding relating to policing and crime reduction, including government grant and precept and other sources of income. As this is a statutory requirement, it overrides proper accounting practice and therefore all grant and other income is included in the Commissioner's Comprehensive Income and Expenditure Statement.

It is the responsibility of the Commissioner to secure the maintenance of an efficient and effective local police force which he commissions from the Chief Constable. As such all service expenditure is accounted for in the Chief Constable's accounts, with the exception of the cost of running the Office of the Police and Crime Commissioner (OPCC) which appears separately in the accounts of the Commissioner.

Non-current assets

During Stage 1 the Commissioner holds and funds all non-current assets, regardless of who uses them. The Commissioner therefore retains the risks and rewards of ownership i.e. legal title, disposal rights and proceeds. All non-current assets are therefore reported in the Commissioner's balance sheet.

The majority of non-current assets are in practice used for operational policing and therefore a revenue charge for the use of the assets is reflected in the Chief Constables Comprehensive Income and Expenditure Statement. The depreciation charges are included in the Commissioners Comprehensive Income and Expenditure Statement reflecting the fact that he owns all the non-current assets.

Current assets and liabilities

Creditors and debtors have been split between the Commissioner and the Chief Constable as appropriate. However as the PRSRA states that the Chief Constable is unable to hold cash, the Chief Constable's current assets and liabilities are balanced to nil via intra-group transfers between the Commissioner and the Chief Constable which are eliminated from the group accounts. These intra-group transfers included in the balance sheet are:

| 2012/13 | | | | 2013/14 | | |
|--------------|-----------------|-------|---------------------|--------------|-----------------|-------|
| Commissioner | Chief Constable | Group | | Commissioner | Chief Constable | Group |
| £'000 | £'000 | £'000 | | £'000 | £'000 | £'000 |
| 769 | (769) | 0 | Current Assets | 835 | (835) | 0 |
| (7,568) | 7,568 | 0 | Current Liabilities | (3,608) | 3,608 | 0 |

Reserves

The PRSRA states that only the Commissioner is able to hold reserves to balance funding and spending priorities and manage risk. Reserve balances are therefore reflected in the Commissioners balance sheet.

6. Events after the balance sheet date

The Statement of Accounts was authorised for issue by the Chief Financial Officer on 18th September 2014. Events taking place after this date are not reflected in the

financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st March 2014, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The following confirms the existence of conditions at the 31st March 2014:

Public First - The Chief Constable has carried out a review of the force's support services and back office functions. This has led to the restructuring of these areas of the force with the aim of ensuring that the new structure is more effective and efficient in supporting police operations and delivers value for money for the public. In achieving the restructure additional one-off costs such as redundancy, training, information technology, property and project costs will be incurred. Earmarked reserves of £3.175m will be used to fund the costs of moving to the new structure, currently estimated to amount to £3.875m in total. The project is due to deliver £3.598m of ongoing savings annually from mid- 2014/15 onwards. Although the restructuring work has commenced in 2013/14, the vast majority of the costs (including redundancy) will be incurred after the end of the 2013/14 financial year.

7. 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.

| 2012/13 | | 2013/14 |
|---------|---|---------|
| £'000 | | £'000 |
| 0 | Interest payable and similar charges | 0 |
| 38,526 | Pensions interest cost and expected return on pensions assets | 38,733 |
| 0 | Interest receivable and similar income | 0 |
| 0 | Investment Properties income and expenditure | 0 |
| 0 | Specific capital grants available during year | 0 |
| 38,526 | Total | 38,733 |

8. 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 Liabilities

A Financial Liability is an obligation to transfer economic benefits controlled by the Chief Constable 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 are potentially unfavourable to the Chief Constable.

The Chief Constable's non-derivative financial liabilities held during the year are measured at amortised cost and comprised:

- Trade Payables (Creditors),
- Liability related to Defined Benefit Pension Scheme.

Financial Assets

A Financial Asset is a right to future economic benefits controlled by the Chief Constable that is represented by cash or other instruments or a contractual right to

receive cash or another financial asset. The financial assets held by the Chief Constable during the year are held under the following classification:

- Loans and receivables (financial assets that have fixed or determinable payments and not quoted in an active market) comprising:
- Trade Receivables (Debtors)

Financial Instruments – Balances

The financial assets and liabilities in the Balance Sheet are analysed across the following categories:

| | Long Term | | Current | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 31 st March 2013 | 31 st March 2014 | 31 st March 2013 | 31 st March 2014 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade Payables (Creditors)* | 0 | 0 | (1,300) | (965) |
| Liability related to Defined Benefit Pension Scheme** | (893,037) | (883,923) | 0 | 0 |
| Total Financial Liabilities | (893,037) | (883,923) | (1,300) | (965) |
| <i>Loans and receivables:</i> | | | | |
| Trade Receivables (Debtors)* | 0 | 0 | 368 | 391 |
| Total Financial Assets | 0 | 0 | 368 | 391 |

*An intra-group transfer will take place from the Chief Constable's Accounts to the Commissioner's accounts based on the net current asset position as the Chief Constable is unable to hold cash balances.

**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.

Income, Expense, Gains and Losses

No gains and losses have been recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments.

Fair Values

The Chief Constable's long-term financial liabilities are carried in the Balance Sheet at amortised cost.

The 2010 Code of Practice requires the Fair Values of these assets and liabilities to be disclosed for comparison purposes. Fair Value is defined in Financial Reporting Standard 26 (FRS 26) as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The Fair Value of a financial instrument on initial recognition is generally the transaction price.

| Carrying amount | Fair value | | Carrying amount | Fair value |
|--------------------------------------|-----------------------------|---|-----------------------------|-----------------------------|
| 31 st March 2013 | 31 st March 2013 | | 31 st March 2014 | 31 st March 2014 |
| £'000 | £'000 | | £'000 | £'000 |
| <i>Financial Liabilities:</i> | | | | |
| (893,037) | (893,037) | Liability related to Defined Benefit Pension Scheme | (883,923) | (883,923) |
| (1,300) | (1,300) | Trade Payables (Creditors) | (965) | (965) |
| (894,337) | (894,337) | Total Financial Liabilities | (884,888) | (884,888) |
| <i>Financial Assets:</i> | | | | |
| 368 | 368 | Trade Receivables (Debtors) | 391 | 391 |
| 368 | 368 | Total Financial Assets | 391 | 391 |

Financial Liabilities

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.

For trade payables, the carrying value has been used as a reasonable approximation of fair value therefore the fair value at the Balance Sheet date is the same as the carrying amount.

Financial Assets

For trade receivables, the carrying value has been used as a reasonable approximation of fair value therefore the fair value at the Balance Sheet date is the same as the carrying amount.

9. Inventories

| | Franking and uniform consumable stores | | Fleet maintenance materials | | Total | |
|---|--|------------|-----------------------------|-----------|------------|------------|
| | 2012/13 | 2013/14 | 2012/13 | 2013/14 | 2012/13 | 2013/14 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance outstanding at start of year: | 281 | 309 | 62 | 87 | 343 | 396 |
| Purchases | 393 | 415 | 280 | 279 | 673 | 694 |
| Recognised as an expense in the year | (365) | (366) | (255) | (280) | (620) | (646) |
| Written off balances | 0 | 0 | 0 | 0 | 0 | 0 |
| Reversals of write offs in previous year/average price adjustment | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance outstanding at year end | 309 | 358 | 87 | 86 | 396 | 444 |

10. Short-term Debtors

| 31 st March 2013 | | 31 st March 2014 |
|-----------------------------|--------------------------------|-----------------------------|
| £'000 | | £'000 |
| 0 | Central Government Bodies | 0 |
| 0 | Local authorities | 4 |
| 0 | Other public bodies | 1 |
| 309 | Limited Companies | 351 |
| 50 | Other entities and individuals | 35 |
| 0 | Value added tax claims | 0 |
| 14 | Other Police authorities | 0 |
| 373 | Total | 391 |

11. Short-term Creditors

| 31 st March 2013 | | 31 st March 2014 |
|-----------------------------|--------------------------------|-----------------------------|
| £'000 | | £'000 |
| 370 | Central Government bodies | 500 |
| 390 | Local authorities | 538 |
| 4,756 | Other Police Authorities | 452 |
| 35 | Other Public Bodies | 7 |
| 958 | Limited Companies | 630 |
| 1,059 | Other entities and individuals | 1,481 |
| 7,568 | Total | 3,608 |

12. Amounts reported for resource allocation decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice (SeRCOP). However, decisions about resource allocation are taken by the Chief Constable on the basis of budget reports analysed by expenditure and income categories, across Operational and Non Operational portfolios. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- expenditure on some support services is budgeted for centrally and not charged to Divisions and Departments.

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The income and expenditure of the Chief Constable's principal portfolios recorded in the budget reports for the year is as follows:

Portfolio Income and Expenditure 2013/14

| | Territorial Policing £'000 | Operational Support £'000 | Investigations £'000 | Total Service Analysis £'000 |
|--------------------------------------|-------------------------------|------------------------------|-------------------------|---------------------------------|
| Fees, charges & other service income | (170) | (987) | (563) | (1,720) |
| Government grants | (342) | (1,613) | (1,523) | (3,478) |
| Total Income | (512) | (2,600) | (2,086) | (5,198) |
| Employee costs | 55,056 | 9,667 | 8,195 | 72,918 |
| Premises costs | 490 | 93 | 261 | 844 |
| Transport costs | 939 | 621 | 109 | 1,669 |
| Supplies & services | 673 | 1,530 | 1,198 | 3,401 |
| Agency & contracted services | 26 | 19 | 159 | 204 |
| Total Expenditure | 57,184 | 11,930 | 9,922 | 79,036 |
| Net Expenditure | 56,672 | 9,330 | 7,836 | 73,838 |

Portfolio Income and Expenditure 2012/13

| | Territorial Policing £'000 | Operational Support £'000 | Investigations £'000 | Total Service Analysis £'000 |
|--------------------------------------|-------------------------------|------------------------------|-------------------------|---------------------------------|
| Fees, charges & other service income | (287) | (546) | (107) | (940) |
| Government grants | (2,014) | (1,523) | (1,747) | (5,284) |
| Total Income | (2,301) | (2,069) | (1,854) | (6,224) |
| Employee costs | 55,338 | 9,638 | 8,171 | 73,147 |
| Premises costs | 456 | 88 | 78 | 622 |
| Transport costs | 1,038 | 555 | 119 | 1,712 |
| Supplies & services | 708 | 1,562 | 1,261 | 3,531 |
| Agency & contracted services | 41 | 19 | 124 | 184 |
| Total Expenditure | 57,581 | 11,862 | 9,753 | 79,196 |
| Net Expenditure | 55,280 | 9,793 | 7,899 | 72,972 |

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

This reconciliation shows how the figures in the analysis of portfolio income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

| 2012/13 | | | 2013/14 | |
|---------|----------------|--|---------|----------------|
| £'000 | £'000 | | £'000 | £'000 |
| | 72,972 | Net expenditure in the Portfolio Analysis | | 73,838 |
| 29,237 | | Net expenditure of services and support services not included in the Analysis | 26,315 | |
| 16,123 | | Amounts in the Comprehensive Income and Expenditure Statement not reported to the management in the Analysis | 14,173 | |
| | 45,360 | | | 40,488 |
| 0 | | Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement | | |
| | 118,332 | Cost of services in Comprehensive Income and Expenditure Statement | | 114,326 |

Reconciliation to Subjective Analysis

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

Financial year 2013/14

| | Portfolio Analysis | Services and Support Services not in Analysis | Amounts not reported to management for decision making | Cost of Services | Corporate Amounts | Total |
|--|--------------------|---|--|------------------|-------------------|------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Fees, charges & other service income | (1,720) | 1,720 | 3,393 | 3,393 | 0 | 3,393 |
| Government grants & contributions | (3,478) | 3,478 | 0 | 0 | 0 | 0 |
| Intra - Group Transfer | 0 | 0 | 0 | 0 | (153,059) | (153,059) |
| Total Income | (5,198) | 5,198 | 3,393 | 3,393 | (153,059) | (149,666) |
| Employee costs | 72,918 | 13,100 | 0 | 86,018 | 0 | 86,018 |
| Premises costs | 844 | 2,267 | 0 | 3,111 | 0 | 3,111 |
| Transport costs | 1,669 | 867 | 0 | 2,536 | 0 | 2,536 |
| Supplies & services | 3,401 | 3,230 | 0 | 6,631 | 0 | 6,631 |
| Agency & contracted services | 204 | 1,653 | 0 | 1,857 | 0 | 1,857 |
| Pension costs | 0 | 0 | 10,780 | 10,780 | 38,733 | 49,513 |
| Depreciation, amortisation, impairment & revaluations | 0 | 0 | 491 | 491 | 0 | 491 |
| Interest payments | 0 | 0 | (491) | (491) | | (491) |
| Total Expenditure | 79,036 | 21,117 | 10,780 | 110,933 | 38,733 | 149,666 |
| Surplus or deficit on the provision of services | 73,838 | 26,315 | 14,173 | 114,326 | (114,326) | 0 |

Financial year 2012/13

| | Portfolio Analysis | Services and Support Services not in Analysis | Amounts not reported to management for decision making | Cost of Services | Corporate Amounts | Total |
|--|---------------------------|--|---|-------------------------|--------------------------|------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Fees, charges & other service income | (940) | 0 | 940 | 0 | 0 | 0 |
| Pensions income | 0 | 0 | 0 | 0 | 0 | 0 |
| Government grants & contributions | (5,284) | 1,637 | 3,647 | 0 | 0 | 0 |
| Gain or loss on disposal of non-current assets | 0 | 0 | 0 | 0 | 15 | 15 |
| Intra - Group Transfer | 0 | 0 | 0 | 0 | (156,873) | (156,873) |
| Total Income | (6,224) | 1,637 | 4,587 | 0 | (156,858) | (156,858) |
| Employee costs | 73,147 | 11,835 | 0 | 84,982 | 0 | 84,982 |
| Premises costs | 622 | 2,306 | 0 | 2,928 | 0 | 2,928 |
| Transport costs | 1,712 | 862 | 0 | 2,574 | 0 | 2,574 |
| Supplies & services | 3,531 | 4,625 | 0 | 8,156 | 0 | 8,156 |
| Agency & contracted services | 184 | 7,972 | 39 | 8,195 | 0 | 8,195 |
| Pension costs | 0 | 0 | 7,570 | 7,570 | 38,526 | 46,096 |
| Depreciation, amortisation, impairment & revaluations | 0 | 0 | 3,927 | 3,927 | 0 | 3,927 |
| Total Expenditure | 79,196 | 27,600 | 11,536 | 118,332 | 38,526 | 156,858 |
| Surplus or deficit on the provision of services | 72,972 | 29,237 | 16,123 | 118,332 | (118,332) | 0 |

13. Agency services

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.

| 2012/13 | | 2013/14 |
|-----------|---|-----------|
| £'000 | | £'000 |
| 46 | Expenditure incurred in administering the Police and Local Government Pension Schemes | 46 |
| 46 | Net surplus arising on the agency arrangements | 46 |

14. Pooled budgets

Police and Crime Commissioners in Wales - Collaboration

The Police Authorities of Wales (PAW) was a statutory joint committee formed in July 2007 representing the four police authorities in Wales. The strategic goal of this organisation was to develop strategic policing capabilities in Wales and to increase efficiency and effectiveness through collaboration.

In November 2012 Police and Crime Commissioners replaced Police Authorities and the Police and Crime Commissioners of the four forces in Wales now continue to develop some specialist areas of policing collaboratively.

These collaborations are considered 'Pooled Budgets' and are hosted by the Commissioner and Force for South Wales Police on behalf of the four police forces in Wales. In addition to receiving some grant income to fund activities, contributions are also made from each Force in proportion to the benefit obtained. A summary of the Expenditure and Income Statement for the main collaborative activities is provided below:

CTIU/TARIAN (former PAW activities)

| 2013/14 | Counter Terrorism Intelligence Unit | Counter Terrorism Specialist Advisors | Regional Organised Crime Unit | Regional Task Force | Wales Central Team | TOTAL |
|----------------------------------|-------------------------------------|---------------------------------------|-------------------------------|---------------------|--------------------|----------------|
| Service Classification | National Policing | National Policing | Intelligence/ Investigation | Intelligence | Re-allocated | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Pay Expenditure | 3,049 | 483 | 2,564 | 2,048 | 0 | 8,144 |
| Non Pay Expenditure | 1,094 | 36 | 1,041 | 766 | 0 | 2,937 |
| Gross Expenditure | 4,143 | 519 | 3,605 | 2,814 | 0 | 11,081 |
| Specific Grant Income | (4,090) | (519) | (2,262) | (642) | 0 | (7,513) |
| Income | (53) | 0 | (5) | (29) | 0 | (87) |
| Total Income & Grants | (4,143) | (519) | (2,267) | (671) | 0 | (7,600) |
| South Wales Police | 0 | 0 | (628) | (1,157) | 0 | (1,785) |
| Dyfed Powys Police | 0 | 0 | (239) | (450) | 0 | (689) |
| Gwent Police | 0 | 0 | (327) | (536) | 0 | (863) |
| North Wales Police | 0 | 0 | (144) | 0 | 0 | (144) |
| Force Contributions | 0 | 0 | (1,338) | (2,143) | 0 | (3,481) |
| (Surplus) or Deficit | 0 | 0 | 0 | 0 | 0 | 0 |

Other

| 2013/14 | Scientific Investigation Unit | Joint Firearms Unit | TOTAL |
|----------------------------------|--|--|-----------------|
| Service Classification | Investigative Support | Specialist Operations/Support to Specialist Operations | |
| | £'000 | £'000 | £'000 |
| Pay Expenditure | 5,926 | 10,442 | 16,368 |
| Non Pay Expenditure | 713 | 1,164 | 1,877 |
| Gross Expenditure | 6,639 | 11,606 | 18,245 |
| Specific Grant Income | 0 | 0 | 0 |
| Income | (4) | (61) | (65) |
| Total Income & Grants | (4) | (61) | (65) |
| South Wales Police | (4,249) | (5,612) | (9,861) |
| Dyfed Powys Police | 0 | (3,189) | (3,189) |
| Gwent Police | (2,386) | (2,744) | (5,130) |
| North Wales Police | 0 | 0 | 0 |
| Force Contributions | (6,635) | (11,545) | (18,180) |
| (Surplus) or Deficit | 0 | 0 | 0 |

1. A Regional and Organised Crime Unit was established in 2013/14 which encompasses the previous Regional Intelligence Unit, Regional Asset Recovery Team, Witness Protection, along with a number of new capabilities in line with the ACPO core Regional Organised Crime Unit capabilities model.
2. The residual Wales Central Team was fully disbanded during 2012/13.
3. The Joint Firearms Unit became fully operational in November 2012 and includes both firearms operations and firearms training. The costs for 2012/13 are therefore only part year costs.
4. Any capital items/fixed assets are accounted for as procured and financed from use of grants and force revenue contributions. No assets are recognised in this note and which otherwise would be accounted for through usable capital reserves. There are no charges for depreciation. Assets are recognised on Force/Commissioner Balance Sheets, CIES, and MIRS Statements.
5. Each force may hold their own reserves for collaborative purposes.
6. For 2012/13, counter terrorism advisors were funded from within Force Budgets

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CTIU / TARIAN (former PAW activities)

| 2012/13 | Police Authority Wales | Counter Terrorism Intelligence Unit | Counter Terrorism Specialist Advisors | Regional Organised Crime Unit | Regional Task Force | Wales Central Team | TOTAL |
|----------------------------------|------------------------|-------------------------------------|---------------------------------------|-------------------------------|---------------------|--------------------|----------------|
| Service Classification | CDC | National Policing | National Policing | Intelligence/ Investigation | Intelligence | Re-allocated | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Pay Expenditure | 47 | 3,525 | 0 | 1,447 | 2,441 | 71 | 7,531 |
| Non Pay Expenditure | 21 | 1,096 | 0 | 463 | 805 | 1 | 2,386 |
| Gross Expenditure | 68 | 4,621 | 0 | 1,910 | 3,246 | 72 | 9,917 |
| Specific Grant Income | 0 | (4,545) | 0 | (1,559) | (642) | 0 | (6,745) |
| Income | 0 | (76) | 0 | (13) | 0 | 0 | (90) |
| Total Income & Grants | 0 | (4,621) | 0 | (1,572) | (642) | 0 | (6,835) |
| South Wales Police | (17) | 0 | 0 | (152) | (1,410) | 0 | (1,579) |
| Dyfed Powys Police | (17) | 0 | 0 | (52) | (561) | 0 | (630) |
| Gwent Police | (17) | 0 | 0 | (71) | (663) | 0 | (751) |
| North Wales Police | (17) | 0 | 0 | 0 | 0 | 0 | (17) |
| Force Contributions | (68) | 0 | 0 | (275) | (2,634) | 0 | (2,977) |
| (Surplus) or Deficit | 0 | 0 | 0 | 63 | (30) | 72 | 105 |

Other

| 2012/13 | Scientific Investigation Unit | Joint Firearms Unit | TOTAL |
|----------------------------------|-------------------------------|--|-----------------|
| Service Classification | Investigative Support | Specialist Operations/Support to Specialist Operations | |
| | £'000 | £'000 | £'000 |
| Pay Expenditure | 5,764 | 5,147 | 10,911 |
| Non Pay Expenditure | 896 | 1,043 | 1,939 |
| Gross Expenditure | 6,660 | 6,191 | 12,851 |
| Specific Grant Income | 0 | 0 | 0 |
| Income | 0 | (38) | (38) |
| Total Income & Grants | 0 | (38) | (38) |
| South Wales Police | (4,288) | (3,077) | (7,365) |
| Dyfed Powys Police | 0 | (1,507) | (1,507) |
| Gwent Police | (2,372) | (1,569) | (3,941) |
| North Wales Police | 0 | 0 | 0 |
| Force Contributions | (6,660) | (6,153) | (12,813) |
| (Surplus) or Deficit | 0 | 0 | 0 |

Summary of Reserves

| Collaboration Reserves | As at 31st March 2014 £'000 | As at 31st March 2013 £'000 |
|------------------------|--------------------------------|--------------------------------|
| South Wales Police | 64 | 62 |
| Dyfed Powys Police | 28 | 6 |
| Gwent Police | 11 | 13 |
| North Wales Police | 0 | 58 |
| Total | 103 | 139 |

15. Officers' remuneration

Senior employees - The remuneration paid to the Chief Constable's senior employees is as follows:

| | | | Salary (including fees and allowances) | Discretionary Allowance | Benefits in kind - medical cover | Compensation for loss of office | Benefits in kind – relocation expenses | Benefits in kind - lease cars | Benefits in kind – beneficial interest rate | Other payments | Total remuneration excluding pension contributions | Pension contributions | Total remuneration including pension contributions |
|---|---------|------|---|----------------------------|---|---------------------------------------|---|--|--|-------------------|--|--------------------------|--|
| | | | Note 11 | Note 12 | Note 13 | | | | Note 14 | | | | |
| | Year | Note | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| Chief Constable | 2013/14 | | 125,020 | 0 | 0 | 0 | 0 | 5,994 | 0 | 0 | 131,014 | 29,439 | 160,453 |
| Temporary Chief Constable | 2013/14 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2012/13 | 1 | 112,394 | 0 | 426 | 0 | 0 | 0 | 0 | 0 | 112,820 | 25,351 | 138,171 |
| Deputy Chief Constable | 2013/14 | 2 | 117,484 | 0 | 601 | 0 | 0 | 0 | 0 | 0 | 118,085 | 26,501 | 144,586 |
| | 2012/13 | | 22,721 | 8,575 | 103 | 0 | 0 | | 0 | 0 | 31,399 | 5,123 | 36,522 |
| Temporary Deputy Chief Constable (A) | 2013/14 | 3 | 61,705 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 61,705 | 14,488 | 76,193 |
| Assistant Chief Constable (A) | 2013/14 | 3 | 45,663 | 7,259 | 583 | 0 | 0 | 4,737 | 1,500 | 0 | 59,742 | 10,679 | 70,421 |
| | 2012/13 | 4 | 104,455 | 0 | 815 | 0 | 38,202 | 3,574 | 3,404 | 16,743 | 167,193 | 23,421 | 190,614 |
| Assistant Chief Constable (B) | 2013/14 | 5 | 49,889 | 0 | 0 | 0 | 0 | 2,262 | 0 | 0 | 52,151 | 12,073 | 64,224 |
| Director of Finance & Resources/ Chief Financial Officer | 2013/14 | 6 | 67,705 | 8,244 | 0 | 116,262 | 0 | 1,586 | 0 | 0 | 193,797 | 8,208 | 202,005 |
| | 2012/13 | 7 | 132,999 | 7,412 | 815 | 0 | 0 | 4,831 | 0 | 0 | 146,057 | 17,423 | 163,480 |
| Temporary Director of Finance & Resources/Chief Financial Officer | 2013/14 | 8 | 44,017 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 44,017 | 6,502 | 50,519 |
| Director of Finance/ Chief Financial Officer to the Chief Constable | 2013/14 | 9 | 5,310 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,310 | 791 | 6,101 |
| Director of Legal and Compliance | 2013/14 | 10 | 5,667 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,667 | 0 | 5,667 |
| Total 2013/14 | | | 522,460 | 15,503 | 1,184 | 116,262 | 0 | 14,579 | 1,500 | 0 | 671,488 | 108,681 | 780,169 |
| Total 2012/13 | | | 372,569 | 15,987 | 2,159 | 0 | 38,202 | 8,405 | 3,404 | 16,743 | 457,469 | 71,318 | 528,787 |

CHIEF CONSTABLE OF DYFED POWYS

Note 1: The Deputy Chief Constable acted as temporary Chief Constable from 11/01/2012 - 31/03/2013.

Note 2: The Deputy Chief Constable was absent from her role for part of the year on health grounds. The Assistant Chief Constable was temporarily promoted into this role during the period 15/09/2013 - 31/03/2014. The Deputy Chief Constable retired from the organisation on 31/03/2014.

Note 3: The Assistant Chief Constable (A) acted as temporary Deputy Chief Constable during the period 15/09/2013 - 31/03/2014. He was appointed to this role permanently on 01/04/14. The Assistant Chief Constable repaid his house loan in full on 26/07/2014 (see note 14).

Note 4: In 2012/13 the Assistant Chief Constable (A) claimed removal expenses of £38,202. The figure of £16,743 in the "Other Payments" column for 2012/13 relates to reimbursement of the benefit in kind tax liability that was incurred as a result (this figure has been restated). This payment was in accordance with Winsor Part 1 Recommendation 3, which states that police authorities 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 5: The Assistant Chief Constable (B) was appointed on 15/09/2013. The annualised salary for this post was £91,632.

Note 6: The Director of Finance and Resources provided services for both the Commissioner and the Chief Constable. Included in the 2013/14 salary figure of £67,705 is an honorarium payment of £5,054 for undertaking the additional duties of the Chief Financial Officer to the Commissioner. The Director of Finances and Resources left the organisation on 01/10/2013. The annualised salary for this post was £117,619.

Note 7: In 2012/13 the Director of Finance and Resources provided services for both the Commissioner and the Chief Constable. Included in the 2012/13 salary figure of £132,999 is an honorarium of £34,167 for undertaking the additional duties of the role of Chief Financial Officer to the Police Authority (the Commissioner), backdated to November 2009.

Note 8: A temporary Director of Finance and Resources was appointed from 18/07/2013 to 28/02/2014. Included in the salary, fees and allowances figure of £44,017 is an honorarium of £6,216 for undertaking the additional duties of the role of Chief Financial Officer to the Commissioner during this period.

Note 9: The temporary Director of Finance and Resources was appointed to the new, permanent, role of Director of Finance/Chief Financial Officer to the Chief Constable from 01/03/2014. The annualised salary for this post was £63,714.

Note 10: The Director of Legal and Compliance was appointed on 01/03/2014. This is a new post. The annualised salary for this post was £68,001.

Note 11: Where applicable, the total amount of salary, fees or allowances paid to or receivable by the person during the 2012/13 financial year has been restated to exclude discretionary allowance. Payments in respect of this allowance are now shown in a separate column for transparency (see note 12).

Note 12: A discretionary allowance of 7.5% of pensionable pay has been paid to some senior employees. In addition to the payments shown above, discretionary allowance of £6,510 was paid to the former Assistant Chief Constable during 2013/14 in respect of the previous year; this is not shown in the table above as he left the organisation on 31/03/2013.

Dyfed-Powys Police Authority approved the Chief Officers Benefits Policy but nationally, concerns have been raised over the legality of these allowances. Legal advice has confirmed that the discretionary payments could be unlawful and in light of this, such allowances were stopped until such time as the legal position is fully clarified. Chief Officers who have been in receipt of these allowances have been informed of this and that potential recovery action could be taken if the allowances are subsequently confirmed as being unlawful. This remains an open issue that will be progressed during 2014/15.

Note 13: Some senior employees benefitted from free medical insurance cover, paid for by the organisation. The Commissioner and the Chief Constable received legal advice in 2013/14 to the effect that providing free medical cover to police officers is unlawful, as it breaches Police Regulations. No decision had been made by 31/03/2014 on whether to recover the costs of the medical cover from the individuals concerned.

Note 14: Under the Chief Officer Relocation Package Policy dated 19th March 2012, Chief Officers who relocated their main home to the force area were entitled to receive a house loan of up to £300,000, for a period of up to 18 months, on which interest was chargeable at the Bank of England base rate prevailing at the time the loan was entered into. If this rate was lower than the official HMRC rate of interest, a benefit in kind tax liability arose. This policy was revised on 17th January 2013 and interest on any future loans will be charged at a rate equivalent to the official HMRC rate.

Other employees

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

| 2012/13 | | 2013/14 |
|---------------------|----------------------|---------------------|
| Number of employees | | Number of employees |
| 7 | £60,000 - £64,999 | 9 |
| 3 | £65,000 - £69,999 | 1 |
| 2 | £70,000 - £74,999 | 1 |
| 10 | £75,000 - £79,999 | 7 |
| 0 | £80,000 - £84,999 | 1 |
| 0 | £195,000 - £199,999* | 1 |

*The remuneration paid to the individual in this banding includes redundancy. If this payment were to be excluded the individual would fall into the banding £95,000 - £99,999.

Exit Packages

The number of exit packages with total cost per band and total cost of the redundancies during 2013/14 is set out in the table below:

| Exit package cost band | Number of Voluntary Redundancies in each band No. | Cost of Redundancies in each band | | |
|------------------------|--|-----------------------------------|----------------|-------|
| | | Redundancy | Pension Strain | Total |
| | | £'000 | £'000 | £'000 |
| £0 - £20,000 | 1 | 19 | 0 | 19 |
| £20,001 - £40,000 | 2 | 10 | 56 | 66 |
| £40,001 - £60,000 | 0 | 0 | 0 | 0 |
| £60,001 - £80,000 | 0 | 0 | 0 | 0 |
| £80,001 - £100,000 | 0 | 0 | 0 | 0 |
| £100,001 - £150,000 | 0 | 0 | 0 | 0 |
| £150,000+ | 2 | 214 | 359 | 573 |
| | 5 | 243 | 415 | 658 |

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

In comparison, the number of exit packages with total cost per band and total cost of the redundancies during 2012/13 is set out in the table below:

| Exit package cost band | Number of Redundancies in each band | Cost of Redundancies in each band | | |
|------------------------|-------------------------------------|-----------------------------------|----------------|-----------|
| | | Redundancy | Pension Strain | Total |
| | No. | £'000 | £'000 | £'000 |
| £0 - £20,000 | 4 | 53 | 40 | 93 |
| £20,001 - £40,000 | 0 | 0 | 0 | 0 |
| £40,001 - £60,000 | 0 | 0 | 0 | 0 |
| £60,001 - £80,000 | 0 | 0 | 0 | 0 |
| £80,001 - £100,000 | 0 | 0 | 0 | 0 |
| £100,001 - £150,000 | 0 | 0 | 0 | 0 |
| | 4 | 53 | 40 | 93 |

Audit Committee members

The Commissioner and Chief Constable have appointed a Joint Audit Committee to provide 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. Payments made to these members are included within this note.

The Scheme of Governance states that the Joint Audit Committee members' expenses should be split equally between the Commissioner and Chief Constable. In 2013/14 50% of the cost of allowances and expenses paid is not material and has not been accounted for in the Chief Constable's accounts.

16. External audit costs

The Chief Constable 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 Chief Constable's external auditors:

| 2012/13 | | 2013/14 |
|-----------|---|-----------|
| £'000 | | £'000 |
| 39 | Fees payable to the Wales Audit Office with regard to external audit services carried out by the appointed auditor for the year | 41 |
| 0 | Fees payable to the Wales Audit Office in respect of statutory inspections | 0 |
| 0 | Fees payable to the Wales Audit Office for the certification of grant claims and returns for the year | 0 |
| 0 | Fees payable in respect of other services provided by the Wales Audit Office during the year | 0 |
| 39 | Total | 41 |

In 2014/15 the Group is to receive a payment of £15,772 as a result of a redistribution of reserves to local government / police bodies.

17. Related parties

The Chief Constable is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Chief Constable or to be controlled or influenced by the Chief Constable. Disclosure of these transactions allows readers to assess the extent to which the Chief Constable might have been constrained in his ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Chief Constable.

Central Government

Central government has significant influence over the general operations of the Chief Constable – it is responsible for providing the statutory framework within which the Chief Constable operates and prescribes the terms of many of the transactions that the Chief Constable has with other parties.

The Chief Constable has business relationships with Central Government Bodies, giving rise to income and expenditure transactions as follows:

| 2012/13 | | 2013/14 | |
|---------|-------------|------------------|-------------|
| Income | Expenditure | Income | Expenditure |
| £'000 | £'000 | £'000 | £'000 |
| 0 | 237 | Home Office | 0 |
| 0 | 1 | Welsh Government | 0 |
| | | | 6 |

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.

None of the Joint Audit Committee members, or parties related to them, have undertaken any material transactions with the Chief Constable in 2013/14.

Officers

None of the Senior Officers, or parties related to them have undertaken any material transactions with the Chief Constable in 2013/14.

Other Public Bodies (subject to common control by central government)

The Chief Constable has business relationships with the Precepting Bodies, giving rise to income and expenditure transactions as follows:

| 2012/13 | | 2013/14 | |
|---------|-------------|--------------------------------|-------------|
| Income | Expenditure | Income | Expenditure |
| £'000 | £'000 | £'000 | £'000 |
| 0 | 839 | Carmarthenshire County Council | 0 |
| 0 | 157 | Ceredigion County Council | 0 |
| 0 | 172 | Pembrokeshire County Council | 0 |
| 0 | 167 | Powys County Council | 0 |
| | | | 1,276 |
| | | | 148 |
| | | | 160 |
| | | | 140 |

Entities Controlled or Significantly Influenced by the Chief Constable

There are no entities controlled or significantly influenced by the Chief Constable.

18. Leases

Chief Constable as Lessee

Finance Leases

The Chief Constable does not have any Finance Leases.

Operating Leases

The Chief Constable of Dyfed Powys leases property from other property owners where appropriate and affordable, to provide suitable accommodation for operational policing and support. Dyfed Powys 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 2013 | | 31 st March 2014 |
|-----------------------------|---|-----------------------------|
| £'000 | | £'000 |
| 173 | Not later than one year | 158 |
| 542 | Later than one year and not later than five years | 488 |
| 1,328 | Later than five years | 1,160 |
| 2,043 | Total | 1,806 |

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

| 2012/13 | | 2013/14 |
|------------|--------------------------------|------------|
| £'000 | | £'000 |
| 226 | Minimum lease payments | 225 |
| 0 | Contingent rents | 0 |
| 0 | (Sublease payments receivable) | 0 |
| 226 | Total | 225 |

Chief Constable as Lessor

Finance Leases

The Chief Constable does not have any finance leases.

Operating Leases

The Chief Constable does not have any operating leases.

19. Termination benefits

During 2013/14 a total of 5 staff exited the organisation under redundancy, which cost the Chief Constable £658k, funded from the recurring revenue budget.

Further details regarding exit packages payable to senior officers are included within note 15.

20. Defined benefit pension schemes

Participation in Pension schemes

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

The Chief Constable participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Carmarthenshire County Council – this is a funded defined benefit final salary scheme, meaning that the Chief Constable and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. It should be noted that all staff are employed by the PCC, however for the majority of staff direction and control lies with the Chief Constable. Costs have been apportioned to reflect this.
- The Police Officer Pension Scheme – this is an unfunded defined benefit final salary scheme, consequently the fund has no investment assets. Benefits payable are funded by contributions from employers and employees with any difference between benefits payable and contributions receivable being met by the top-up grant from the Home Office via the Commissioner.

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.

These costs are reversed out of the Chief Constable's accounts into the Commissioner's accounts as the Chief Constable is not responsible for holding any reserves. This is shown below as an intra-group transfer:

| | | Local Government Pension Scheme | | Police Pension Scheme | |
|---|--|---------------------------------|----------------|-----------------------|-----------------|
| | | 2012/13 | 2013/14 | 2012/13 | 2013/14 |
| | | £'000 | £'000 | £'000 | £'000 |
| Comprehensive Income and Expenditure Statement: | | | | | |
| <i>Cost of services:</i> | | | | | |
| • Current service cost | | (3,066) | (3,947) | (17,805) | (20,947) |
| • Past service cost | | (26) | (511) | (0) | (0) |
| • Other | | (72) | (94) | (0) | (0) |
| <i>Financing and Investment Income and Expenditure:</i> | | | | | |
| • Net interest cost | | (1,039) | (1,215) | (37,502) | (37,535) |
| Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services | | (4,203) | (5,767) | (55,307) | (58,482) |
| <i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:</i> | | | | | |
| Remeasurement of the net defined benefit liability comprising: | | | | | |
| • Return on plan assets (excluding the amount included in the net interest expense) | | 5,533 | 7,396 | (0) | (0) |
| • Actuarial gains and losses arising on changes in demographic assumptions | | (1,061) | (613) | (0) | (11,970) |
| • Actuarial gains and losses arising on changes in financial assumptions | | (10,269) | 10,484 | (92,074) | 43,243 |
| Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement | | (10,000) | 11,500 | (147,381) | (27,209) |
| Commissioning Costs (intra-group transfer) | | 10,000 | (11,500) | 147,381 | 27,209 |
| Total net cost | | 0 | 0 | 0 | 0 |
| <i>Movement in Reserves Statement:</i> | | | | | |
| • Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code | | 0 | 0 | 0 | 0 |
| <i>Actual amount charged against the General Fund Balance for pensions in the year:</i> | | | | | |
| • Employers' contributions payable to scheme | | 0 | 0 | | |
| • Employers' contributions payable to scheme | | | | 0 | 0 |

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

Pensions Assets and Liabilities recognised in the Balance Sheet

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 accounts.

The net liability arising from the defined benefit obligation:

| | Local Government Pension Scheme | | Police Pension Scheme | |
|--|--|-----------------|------------------------------|------------------|
| | 2012/13 | 2013/14 | 2012/13 | 2013/14 |
| | £'000 | £'000 | £'000 | £'000 |
| Present value of the defined benefit obligation | (102,040) | (95,019) | (863,930) | (869,128) |
| Fair value of plan assets | 72,851 | 80,472 | 0 | 0 |
| Net liability arising from defined benefit obligation | (29,189) | (14,547) | (863,930) | (869,128) |

The total liability recorded in the Chief Constable's accounts is £883.923 million. Due to materiality levels no split is available between the Chief Constable's and Commissioner's accounts, therefore the figure stated above is for the Group.

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

| | Local Government Pension Scheme | | Police Pension Scheme | |
|--|--|----------------|------------------------------|----------------|
| | 2012/13 | 2013/14 | 2012/13 | 2013/14 |
| | £'000 | £'000 | £'000 | £'000 |
| Opening fair value of scheme assets | 62,374 | 72,851 | 0 | 0 |
| Interest income | 3,227 | 3,249 | 0 | 0 |
| Remeasurement gain / (loss) | | | | |
| • The return on plan assets, excluding the amount included in the net interest expense | 5,533 | 2,470 | 0 | 0 |
| Contributions from employer | 2,401 | 3,142 | 0 | 0 |
| Contributions from employees into the scheme | 1,171 | 1,225 | 0 | 0 |
| Benefits paid | (1,783) | (2,371) | 0 | 0 |
| Other (if applicable) | (72) | (94) | 0 | 0 |
| Closing fair value of scheme assets | 72,851 | 80,472 | 0 | 0 |

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

| | Funded Liabilities: Local Government Pension Scheme | | Unfunded Liabilities: Police Pension Scheme | |
|--|---|------------------|---|------------------|
| | 2012/13 | 2013/14 | 2012/13 | 2013/14 |
| | £'000 | £'000 | £'000 | £'000 |
| Opening Balance at 1st April: | (83,964) | (102,040) | (736,293) | (863,930) |
| Current service cost | (3,066) | (3,947) | (17,805) | (20,947) |
| Interest cost | (4,266) | (4,464) | (37,502) | (37,535) |
| Contributions from scheme participants | (1,171) | (1,225) | (5,052) | (5,463) |
| <i>Actuarial gains and (losses)</i> | | | | |
| • Actuarial gains / losses arising from changes in demographic assumptions | (1,061) | (613) | (0) | (11,970) |
| • Actuarial gains / losses arising from changes in financial assumptions | (10,269) | 10,484 | (92,074) | 43,243 |
| • Other (if applicable) | (0) | 4,926 | (0) | (0) |
| Past service cost | (0) | (274) | (0) | (0) |
| Losses / (gains) on curtailment (where relevant) | (26) | (237) | (0) | (0) |
| Benefits Paid | 1,783 | 2,371 | 24,796 | 27,474 |
| Liabilities extinguished on settlements (where relevant) | (0) | (0) | (0) | (0) |
| Closing balance at 31st March | (102,040) | (95,019) | (863,930) | (869,128) |

Local Government Pension Scheme assets comprised:

| | Fair value of Scheme assets | |
|---------------------------|-----------------------------|---------------|
| | 2012/13 | 2013/14 |
| | £'000 | £'000 |
| Cash and cash equivalents | 183 | (266) |
| Equity instruments | 52,459 | 58,038 |
| Bonds | 15,131 | 15,072 |
| Property | 5,078 | 7,628 |
| Total Assets | 72,851 | 80,472 |

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 2014.

The significant assumptions used by the actuary have been:

| | Local Government Pension Scheme | | Police Pension Scheme | |
|---|---------------------------------|---------|-----------------------|---------|
| | 2012/13 | 2013/14 | 2012/13 | 2013/14 |
| Long-term expected rate of return on assets in the scheme: | | | | |
| Equity investments | 7.0% | 7.0% | | |
| Bonds | 6.7% | 7.7% | | |
| Other | 13.2% | 6.7% | | |
| Mortality assumptions: | | | | |
| Longevity at 65 (60 for police scheme) for current pensioners: | | | | |
| • Men | 22.4 | 23.2 | 26.5 | 27.1 |
| • Women | 25.0 | 25.7 | 28.8 | 29.6 |
| Longevity at 65 (60 for police scheme) for future pensioners: | | | | |
| • Men | 24.2 | 25.4 | 28.5 | 29.5 |
| • Women | 27.0 | 28.0 | 30.8 | 32.1 |
| Other assumptions: | | | | |
| Rate of inflation | 2.4% | 2.4% | 2.4% | 2.4% |
| Rate of increase in salaries | 4.15% | 3.9% | 3.9% | 3.9% |
| Rate of increase in pensions | 2.4% | 2.4% | 2.4% | 2.4% |
| Rate for discounting scheme liabilities | 4.4% | 4.6% | 4.4% | 4.5% |

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 2013/14 | Impact on the defined benefit obligation in the scheme | |
|--|--|------------------------|
| | Increase in assumption | Decrease in assumption |
| | £'000 | £'000 |
| Longevity (increase or decrease by 1 %) | 1,770 | 0 |
| Rate of inflation (increase or decrease by 1%) | 2,212 | 0 |
| Rate of increase in salaries (increase or decrease by 1%) | 780 | 0 |
| Rate for discounting scheme liabilities (increase or decrease by 1%) | 0 | 2,162 |

| Police Pension Scheme 2013/14 | Impact on the defined benefit obligation in the scheme | |
|--|--|------------------------|
| | Increase in assumption | Decrease in assumption |
| | £'000 | £'000 |
| Longevity (increase or decrease by 1%) | 15,279 | 0 |
| Rate of inflation (increase or decrease by 1%) | 18,002 | 0 |
| Rate of increase in salaries (increase or decrease by 1%) | 5,073 | 0 |
| Rate for discounting scheme liabilities (increase or decrease by 1%) | 0 | 17,591 |

Impact on the Group's Cash flows

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

| Year | Employer rate |
|---------|---------------|
| 2014/15 | 11.6% |
| 2015/16 | 11.6% |
| 2016/17 | 11.6% |

21. Nature and extent of risks arising from financial instruments

Credit Risk

Trade Receivables

The following analysis summarises the Chief Constable's potential maximum exposure credit risk, based on the experience gathered over the last five financial years on the level of default on trade debtors, adjusted for current market conditions. As per the Code of Practice requirements, the disclosure below includes details only of debtors that have arisen as a result of trading activities. Balances and transactions arising from statutory functions (i.e. tax and NNDR payments) are excluded from this disclosure note, as they have not arisen from contractual trading activities.

| Group Gross Debtors £'000 | Average % Default based on Previous 5 Years' Experience for the Group (2008/09 to 2012/13) | Bad Debt Provision for the Group 2013/14 £'000 | Bad Debt Provision for 2013/14 as a % of Group Gross Debtors |
|------------------------------|--|--|--|
| 1,415 | 1.65 | 66 | 4.66 |

Glossary of Terms

| Term | Definition |
|----------------------------|---|
| 2013/14 | This refers to the period covered by these accounts - 1 April 2013 to 31 March 2014. |
| 2012/13 | This refers to the period covered for comparative purposes by these accounts – 1 April 2012 to 31 March 2013. |
| Accounting policies | These are a set of rules and codes of practice the used when preparing the accounts. |
| Actuarial gains and losses | <p>For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:</p> <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 | <p>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.</p> <p>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.</p> |
| 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. |

| Term | Definition |
|-------------------------------------|---|
| Contingent liabilities | <p>These exist where:</p> <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: <ul style="list-style-type: none"> i. it is not probable that a transfer of economic benefits will be required to settle the obligation, or ii. the amount of the obligation cannot be measured with sufficient reliability. |
| Corporate and democratic core costs | These represent the costs of delivering public accountability and representation in policy-making and meeting the Commissioner's statutory reporting obligations. |
| Corporation sole | A corporation sole is a legal entity consisting of a single ("sole") incorporated office, occupied by a single ("sole") man or woman i.e. the Commissioner and Chief Constable are both corporations sole under the PRSRA. |
| Current assets | <p>Current assets are items that can be readily converted into cash.</p> <p>By convention the items are ordered by reference to the ease that such conversion into cash can be carried out.</p> |
| 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. |
| Defined contribution scheme | A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. |

| Term | Definition |
|------------------------------------|---|
| 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. |
| 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. |
| Interest cost (Pensions) | For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement. |
| 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. |

| Term | Definition |
|---|--|
| 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. |
| 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 | <p>A provision is a liability of uncertain timing or amount. A provision is recognised if the following criteria are fulfilled:</p> <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, chief of staff or a statutory chief officer. Typically the Commissioner's Chief of Staff and statutory Chief Officers. |
| Single entity accounts | The individual accounts of each corporation sole. |

