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Chief Constable of Dyfed Powys

Statement of Accounts 2017/18
(Single Entity)

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Narrative Report

1.0 Introduction

- 1.1 This Narrative Report aims to provide information on the Chief Constable of Dyfed Powys as a legal entity. Each Chief Constable in England and Wales was established as a legal entity or 'corporation sole' in their own right in November 2012 by the Police Reform and Social Responsibility Act. In Dyfed Powys, the Chief Constable is Mr Mark Collins.
- 1.2 The Report will detail the main objectives and strategies, and principle risks that the Chief Constable of Dyfed Powys faces. It will provide a commentary on how the Chief Constable has used resources to achieve desired outcomes in line with these objectives and strategies.
- 1.3 It aims to provide a fair, balanced and understandable analysis of performance; financial and operational, which can be used to provide a context through which the financial information included in these Financial Statements can be better understood by the reader.
- 1.4 The Narrative Report will focus on the following areas:
- Organisational Overview and External Environment
 - Governance and Operational Performance
 - Organisational Model
 - Financial Performance
 - Risks, opportunities and the Medium Term Financial Outlook
 - Basis of preparation and presentation

2.0 Organisational Overview and External Environment

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



- 2.2 The area is home to more than 515,000 people, which rises significantly with tourists each year. Almost half of the total resident population are aged 45 or over, with 22% of the population being over 65. 32% of our communities can speak Welsh; 43.9% in Carmarthenshire, 47.4% in Ceredigion, 19.3% in Pembrokeshire and 18.6% in Powys.
- 2.3 Modern day policing is complex and our work is evolving quickly to respond to new risks, threats and changes in technology all of which require new ways of working. Police officers and staff are called upon to deal with a wide variety of important issues affecting the public.

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

- 2.4 Policing is a non-devolved service in terms of the Welsh Government, however much of the work that is undertaken across the four County areas is rightly done in partnership with Local Authorities, Fire Authorities, Local Health Boards and many other partners including the third sector. In addition a number of important services such as Armed Response and responding to the threat of Organised Crime and terrorism are carried out in collaboration with other Forces.
- 2.5 The Force is very much part of UK policing and our staff have assisted with a number of high profile policing events and incidents during the year including;
- policing of the Champions League Final in Cardiff,
 - providing support following the Manchester Arena and the Parsons Green bomb attacks and supporting additional higher levels of armed patrol in response to raising of the Terror threat to Critical following these events

- the counter terrorism incident in Salisbury
 - the natural disaster in the British Virgin Islands,
- 2.6 More locally, the Force has had a number of significant planned and unplanned operations and events including:
- the tragic Fire in Llangammarch Wells for which the Force needed specialist assistance from other Forces,
 - "Operation Ulysses" which resulted in 28 defendants being sentenced to over 193 years in prison between them for offences in relation to the supply and distribution of class A drugs,
 - our officers have needed to deal with a number of other tragic incidents including the tragic death of a 2 year old in a road traffic collision and the tragic death of a young person reported missing at the Royal Welsh show
 - wind farm escort,
- 2.7 The Force is subject to regular inspections by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) and has made significant progress in response to inspections during the year - with the effectiveness and legitimacy elements of the PEEL inspection process being graded "good" for the first time ever.
- 3.0 Governance and Operational Performance**
- 3.1 The Governance arrangements by which the Chief Constable operates are complex and subject to regular review. An Annual Governance Statement is included as part of these Financial Statements which details the arrangements in place for delivering robust scrutiny and accountability by the Chief Constable and the Police and Crime Commissioner.
- 3.2 The Chief Constable and the Police and Crime Commissioner each have a clear and separate statutory remit. The operational independence of the Chief Constable is protected in legislation. He has a statutory responsibility for the control, direction and delivery of operational policing services provided by the Force. The Chief Constable is accountable in law for the exercise of police powers and to the Commissioner for the delivery of efficient and effective policing, management of resources and force expenditure. The Chief Constable holds Office under the Crown and is responsible for maintaining the Queen's Peace.
- 3.3 The Police and Crime Commissioner is statutorily responsible for securing an efficient and effective police force and holding the Chief Constable to account for the exercise of his functions. The Commissioner is responsible for setting the annual police budget (including precept level) and ensuring that public money is accounted for and that it is used economically, efficiently and effectively.
- 3.4 The Commissioner is responsible for setting the strategic priorities for the Force through the production of the Police and Crime Plan, ensuring business is conducted in accordance with the law and that proper standards are achieved and maintained. He is publicly elected and therefore, represents the public's voice on policing matters.
- 3.5 The Police and Crime Plan is an important document that sets out four priorities and five key delivery principles for the PCC namely:

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

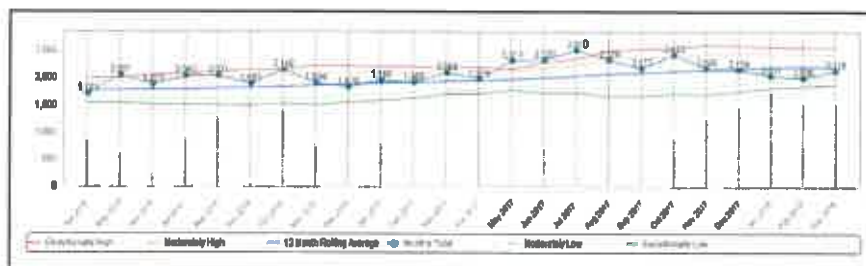
3.6 The CC is responsible for supporting the PCC in the delivery of the priorities set out in the Police and Crime Plan. His operational delivery, performance monitoring frameworks and financing decisions focus on these priorities. Progress against the plan is reported quarterly at the Policing Accountability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

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

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

a. Crime Volume

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



The data suggests that over time;

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

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

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

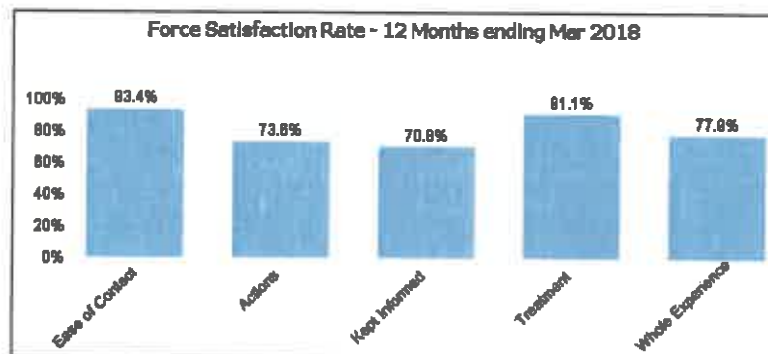
- Violence Against the Person (35%),
- Theft (20%), and
- Arson & criminal damage (16%)

b. Crime Outcomes

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

c. Victim satisfaction

857 telephone interviews were conducted in 2017/18 to identify how satisfied



victims of crime and anti-social behaviour were with policing services received. The graph below focuses on five aspects of our victims' journey.

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

d. 999 Calls

In 2017/18:

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

e. Non-Emergency - 101 Calls

In 2017/18:

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

f. Response times to Priority Calls for Service

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

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

- 3.8 The force is well on its way to achieving many of the delivery principles underpinned by the Police and Crime Plan. The force has the lowest level of recorded crime and public trust and confidence remains high. These positive strides are reflected in the most recent HMIC inspection however, it is recognised that the landscape of policing is forever changing, and that there is still much work ahead.

4.0 The Organisational Model

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

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

- 4.2 The Force had a budgeted establishment of 1,187 police officers 148 Police Community Support Officers and 650 police staff positions.

Breakdown of Budgeted Positions - 2017-18

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

- 4.3 Recruitment intakes have been carefully planned and managed during the year to ensure optimal resourcing levels, availability of specialist skills and to allow the

proportionate geographical distribution of staff. This has necessitated the recruitment of transferees and to a number of specialist police staff positions (e.g. in relation to cyber-crime) during the year in response to changes in demand.

5.0 Financial Performance

- 5.1 All income received and collected for Policing the Dyfed Powys police area goes to the Police and Crime Commissioner. The Comprehensive Income and Expenditure Statement for the Chief Constable therefore focuses on spending only and it shows that the Chief Constable spent £132 million on providing policing services to the Public of Dyfed Powys Police in 2017/18. This is around £19 million more than the comparable figure spent in the prior financial year. Of this increase - some £14.3 million is attributable to changes in current service pension costs.
- 5.2 The Statement provides a split of this figure across the main service components listed in the Table above. For example, it can be seen that the largest element was spent on Local Policing which accounted for £64.0 million of the total in 2017/18.
- 5.3 This Statement has been prepared on the basis of proper accounting practice and the requirements of the Code and this differs slightly from the budget that the Chief Constable is held accountable for on a day to day basis by the Police and Crime Commissioner which includes elements of income and also excludes some elements such as depreciation and movements on pension liabilities which under statute do not need to be financed fully in the year.
- 5.4 The Balance Sheet for the Chief Constable is dominated by the long term liability of £1,182 million that exists in respect of future pension liabilities for police officers and staff. This represents the amount that the Chief Constable would need to set aside at the balance sheet date to cover future payments of pensions of all current serving and retired officers and staff.
- 5.5 This figure has been calculated independently on an actuarial basis and takes account of future salary levels, inflation, mortality rates etc. This has fallen by £130 million during the year predominantly due to changes in financial and demographic assumptions.
- 5.6 The Balance Sheet also shows the value of uniform and other inventories held by the Chief Constable (£0.459 million) and amounts owing to (£0.7 million - Debtors) or owed by (£6.9 million - creditors) the Chief Constable at year end. A fuller breakdown of these amounts is shown in the notes to the accounts.

Performance in 2017/18 against the Chief Constable's Revenue budget

- 5.7 The net budget that the Chief Constable is held accountable for on a day to day basis by the Police and Crime Commissioner is different to the amount that must be reported in the Comprehensive Income and Expenditure Statement under proper practice.
- 5.8 A net budget of £93.460 million was originally set by the Police and Crime Commissioner for the Chief Constable for the year 2017/18 which incorporated a Council Tax increase of 6.9% at Band D and which relied upon the use of £1.991 million from reserves to support current spending.
- 5.9 This also incorporated a 1% pay award assumption and an assumed 1% increase in general inflation on non-pay costs. This assumption proved to be challenging with the subsequent ending of the 1% pay cap during the year along with an

inflation level that peaked at over 3% being experienced partly due to the unexpected Brexit vote outcome.

- 5.10 The Chief Constable's budget level also reflected a transfer of the Estates Budget of £3.170 million due to responsibility for this function transferring from the Force to Police and Crime Commissioner early in the financial year.
- 5.11 Within this baseline spending level, the Force had already identified cost reductions of £1.2 million; roughly half of which were to be delivered in 2017/18 against staffing budgets through modernising workforce structures and reducing supervisory functions; with the remainder being delivered through significant reductions in non- pay spending delivered through procurement and other cost reduction initiatives.
- 5.12 The Table below sets out the final out-turn position for 2017/18 for the Chief Constable and compares this to the original budget. A revised budget is also shown in the table that reflects additional budgets and movements processed during the year. Virements are processed during the year to ensure that the budget is updated on a timely basis. The main changes to the budget referred to below were considered at the Policing Board meeting of the 18th December 2017 and these were reflected in the budget submissions presented to the Police and Crime Panel in January 2018 in respect of the 2018/19 reserves position.

| Budget Manager | Original Budget | Revised Budget | Actual | Variance (Negative for Saving) |
|--|-----------------|----------------|---------------|--------------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| <u>Budgets Managed Centrally</u> | | | | |
| Chief Constable's Office | 1,269 | 1,288 | 1,278 | -10 |
| Corporate Budgets | 2,143 | 2,713 | 1,851 | -862 |
| Externally Funded National / Regional / Local Services | 0 | 0 | 10 | +10 |
| Staff Associations | 193 | 193 | 218 | +25 |
| <u>Deputy Chief Constable</u> | | | | |
| People's Services | 2,419 | 2,404 | 2,507 | +103 |
| Legal, Information, Efficiency, Health and Safety | 2,782 | 2,925 | 3,231 | +306 |
| Retirements, Major Operations & Communications | 1,245 | 1,845 | 1,709 | -136 |
| Professional Standards | 1,066 | 1,066 | 1,193 | +127 |
| <u>Assistant Chief Constable</u> | | | | |
| Local Policing | 48,166 | 47,676 | 49,086 | +1,210 |
| Investigations | 23,622 | 23,599 | 23,481 | -118 |
| Scientific Support | 1,742 | 1,742 | 1,505 | -237 |
| Criminal Justice | 1,186 | 1,185 | 999 | -186 |
| <u>Director of Finance</u> | | | | |
| Information Systems and Technology | 4,249 | 4,269 | 4,134 | -135 |
| Business Support Unit | 1,856 | 1,821 | 1,905 | +84 |
| Fleet Costs | 928 | 803 | 864 | +61 |
| Finance and Procurement | 574 | 573 | 602 | +29 |
| Total Budget – Force | 93,460 | 94,302 | 94,573 | +271 |

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

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

5.14 These were cost pressures that were not included in the Force's original budget and could not be afforded without having significant impact on recruitment and performance. These movements are summarised in the table below:

| Budget Movements In Year | £'000 |
|---|-------------|
| Original Force Budget | 93,460 |
| Revised Force Budget | 94,302 |
| Difference | +842 |
| Operation Heath Reserves Transfer | +600 |
| Unconsolidated Pay Award Transfer | +500 |
| Estates and Accommodation Cost Transfer | -390 |
| Other Transfers | 132 |
| Total Transfers | +842 |

5.15 Overall it can be seen that the Chief Constable was some £+271K above budget for the year. A brief explanation of the main reasons for the more material variances in budget for 2017/18 is provided below:

- i. **Chief Constable's Office:** In total, an under spend of £-10K was achieved against the Chief Constable's Office budget predominantly due to savings achieved against Police Staff headings related to the reduction in Director positions.
- ii. **Corporate Budgets:** Savings of £-259K had been achieved against capital charges and additional income of £-435K was received in respect of Wind Farm Escort and other centrally controlled income headings. Additional income was received in respect of the Regional Organised Crime Units which reduced net spending by £-221K against the revised budget which was added to an earmarked reserve. Additional overtime costs of £+53K were incurred providing additional patrols following the raising of the UK threat level to critical following the Manchester and London bombings.

- iii. Externally Funded National / Regional / Local Services: A net overspend of £+10K was experienced predominantly against Grants received for National Security functions in the Ports and at Critical National Infrastructure sites.
- iv. Staff Association: Increase of an additional temporary Police Federation representative from October onwards compared to the establishment at the point of setting the original budget due to an extended officer handover period being applied.
- v. People's Services: Additional payments of £+103K were made mainly in respect of additional transferee relocation and training. This was a policy that was been ratified early in the year funded from additional receipts in an attempt to attract additional investigative staff to work in the area.
- vi. Legal, Information, Efficiency, Health and Safety: The Force incurred some additional temporary officer and staff costs and was over budget by £+240K in respect of legal costs for the year. Insurance costs and other headings were also above budget by some £+66K.
- vii. Retirements, Major Operations & Communications: The Force saved £-254K against the ill health retirement /pension cost budgets however incurred additional mutual aid costs in respect of Operation Heath which came in at £798K in total, £+198K higher than the revised budget set aside. This was offset by a net saving of £-104K against other central major operations but an increase of £+24K against corporate communication costs.
- viii. Professional Standards: The cost increases in this heading relate to officers (£+84K) and staff costs (£+43K) in response to the vetting backlog and from the supervisory restructure of Legal and Compliance functions implemented during the year.
- ix. Operational Budgets Managed by the Assistant Chief Constable: The Force incurred significant additional spending against overtime / bank holiday budgets of £+711K in the year against the budget as a result of numerous investigations, incidents and unavoidable operational demands. This additional spending was offset by additional income received compared to the budget but reported under Corporate Budgets. Pay budgets were £+214k over which reflects the additional implications of the 1% unconsolidated pay award. Non pay costs were some £+10K above budget. Within the individual headings, overspends against Local Policing were mitigated by savings against Investigations, Criminal Justice, Scientific Support and Corporate Budget headings.
- x. Finance Directorate: This Directorate encompasses the Corporate Finance, Fleet, ICT, Business Support and Procurement Departments of the Force. Additional staffing costs of £173K were agreed during the year to progress ICT project work which was offset by significant savings against ICT non-pay areas leaving a net saving of £-135K. Additional staffing on recuperative duties was posted to the Business Support to address backlogs in the administration of firearms licencing. This contributed to the overspend of £+84K against this heading. Fleet and Finance/ Procurement headings were over budget by £+61K (Accident Repairs and Servicing) and £+29K (temporary additional collaborative procurement staff) respectively.

- 5.16 In respect of day-to-day revenue spending, a transfer from reserves of £3.509 million was required in 2017/18 which compares to an original budgeted figure of £1.991 million. A sum of £4.360 million will be transferred from reserves and grants held to fund capital expenditure for the year which is lower than planned due to slippage with capital schemes . Full details are shown in the Table below:

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

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

6 Risks, Opportunities and the Medium Term Financial Outlook.

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

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

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

- 6.3 In terms of the Medium Term Financial Outlook, the future funding position of the Chief Constable and Force is reliant upon government funding decisions, precept income and the use of reserves none of which are determined by the Chief Constable.
- 6.4 Significant reductions in Government funding have been experienced since 2010 and the Government has indicated that the Comprehensive Spending Review will be conducted next summer. The position on the Formula Funding Review is also uncertain however it is understood that the Home Office may look to implement changes to formula from 2020 onwards.
- 6.5 The financial settlement that was published in December 2017 indicated that a broadly flat-cash government settlement was to be expected for 2018/19 and 2019/20.
- 6.6 The Police and Crime Commissioner for Dyfed-Powys has set a precept level of £224.56 (+5% or a £10.69 increase) for 2018/19 alongside a joint Medium Term Financial Plan and this was unanimously agreed by the Police and Crime Panel. This was following a rigorous process of scrutiny and deliberations over financial assumptions and investment priorities which included a number of seminars and presentations to the PCC, his staff, the Force Executive Board, Wales Audit Office representatives, Joint Audit Committee, Police and Crime Panel Members and Constituent Local Authority representatives by the Chief Constable and Director of Finance.
- 6.7 The Medium Term Financial Plan predicts a 20% real-terms reduction in Grant from 2021 onwards with uncertainty surrounding post-Brexit settlements and formula funding decisions being reflected in this. The Police and Crime Commissioner has included an assumption of a continued 5% increase in precept which would take the Council Tax at Band D from £224.56 in 2018/19 to £286.60 by the end of 2023/24. Council Tax levels in the Dyfed Powys Police area are currently the lowest in Wales.
- 6.8 The Force has incorporated an assumption of 2% growth in pay and inflationary pressures from 2019 onwards and has modelled known growth and cost increase pressures. In addition, it has modelled a reduction in the annual contribution from reserves of £2.24 million and an increase in contribution to capital financing and charges of £3.483 million in support of the Forward Capital Programme. Further additional spending of £2.9 million on resources needed to meet predicted future demand changes over the period on of the Plan have also been included based upon investment bids and priorities captured and prioritised by Chief Officers as part of the 2018/19 budget process as well as those priority investment areas included within the Force Management Statement.
- 6.9 The Force has undertaken some significant work during 2017/18 to identify efficiency measures. It has a cost reduction plan which is aiming to capitalise on National, Regional and Local collaborative ventures. In addition this plan assumes a significant reshaping of the workforce and cost base as a result of priorities, likely current and future demand and a Collaboration Savings Plan which has enabled the Force to present a fully balanced and funded Medium Term Financial position for Revenue and Capital.

| REVENUE BUDGET POSITION | 18-19 | 19-20 | 20-21 | 21-22 | 22-23 | 23-24 |
|---|--------------|---------------|---------------|---------------|---------------|---------------|
| Central and Local Funding | | | | | | |
| Predicted Central Funding (£M) | -49.3 | -49.3 | -49.3 | -57.3 | -45.4 | -43.6 |
| Local Precept (£M) | -49.8 | -52.7 | -55.8 | -59.0 | -62.5 | -66.1 |
| Total Funding | -99.1 | -102.0 | -105.1 | -106.3 | -107.9 | -109.7 |
| Revenue Spending | | | | | | |
| Predicted Spending before Efficiencies (£M) | 101.0 | 104.4 | 108.7 | 112.5 | 116.0 | 119.4 |
| Efficiencies delivered for 18-19 (£M) | -1.9 | 0 | 0 | 0 | 0 | 0 |
| Cumulative Annual Deficit (£M) | 0 | 2.4 | 3.7 | 6.2 | 8.1 | 9.7 |
| Future Cost Reduction Plan | | | | | | |
| Procurement and Non Pay (£M) | | -1.6 | -0.7 | -0.7 | -0.6 | -0.6 |
| Collaboration Plan (£M) | | -0.4 | -0.5 | -0.5 | -0.4 | -0.2 |
| Demand & Productivity Plan (£M) | | -0.4 | -0.1 | -1.3 | -0.9 | -0.8 |
| Annual Cost Reductions (£M) | | -2.4 | -1.3 | -2.5 | -1.9 | -1.6 |
| Cumulative Annual Reductions (£M) | | -2.4 | -3.7 | -6.2 | -8.1 | -9.7 |
| Anticipated Revenue Deficit (£M) | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

- 6.10 The financial impact of Operation Heath and of the 1% un-consolidated pay award together with the overspend position on the Force's budget have together cost an additional £1.536 million in the 2017/18 financial year which has served to reaffirm the need to maintain reserves at a sustainable level and the Force and Commissioner will be re-evaluating the Medium Term position during the 2018/19 financial year to ensure that reserves are adequate and not over committed. These considerations will also take cognisance of recently published Home Office guidance on Police Reserves.
- 6.11 In June 2018, the Force has submitted a comprehensive Force Management Statement to "Her Majesty's Inspectorate of Constabularies and Fire and Rescue Services" that sets out the main operational and business support challenges that the Force is facing. This considers the capability and capacity of the Force in the context of dealing with current and future demand. In summary the document points to challenges which largely mirror those areas already identified in the Risk Register but also highlights challenges in relation to Data, Demand, Detectives, Drugs, Digital and vulnerability in an operational context.
- 6.12 The Commissioner and Force also face a number of unknown potential future financial commitments which are referred to further in the contingent liabilities note of this Statement of Accounts Document including;
- Police Pension Legal Challenge - Career Average Revalued Earnings
 - Potential claims for overpaid pension contributions
 - Undercover Policing Inquiry
 - Dedicated Source Handling Unit On-Call Allowance Claims

7.0 Basis of Preparation and Presentation

- 7.1 This Statement of Accounts document provides information on the financial position and financial performance of the Chief Constable of Dyfed Powys for the financial year 2017/18 as a legal entity or 'corporation sole'. This is the sixth

Statement of Accounts to be produced by the Chief Constable of Dyfed Powys Police under these arrangements.

7.2 The financial position of the consolidated Group of the Commissioner and Chief Constable for Dyfed Powys are set out in a separate Statement of Accounts document produced by the Police and Crime Commissioner.

7.3 The Accounts and Audit (Wales) Regulations 2015 require local government bodies to prepare a Statement of Accounts in accordance with proper practices. The Code is identified as representing proper practices.

7.4 What is included in the Statement of Accounts?

The Accounts that follow this narrative 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 2017/18;
- **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;
- **Comprehensive Income and Expenditure Statement;** this core statement summarises the resources that have been generated and consumed in providing policing and crime reduction services during the year. It includes all day to day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year;
- **Balance Sheet;** this core statement shows the value as at the Balance Sheet date of the assets and liabilities recognised by the 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. The Police and Crime Commissioner owns the land, buildings and other assets used by the Force and therefore these are shown in the Balance Sheet included in the Statement of Accounts document produced by the Police and Crime Commissioner.
- **Notes to the financial statements** are also included that set out the Accounting Policies used as the basis of preparing the financial statements and provide further information which is required by the Code of Practice.
- **A Movement in Reserves Statement, Cash flow Statement and Expenditure and Funding Analysis** is required as part of the Code. However, as the Chief Constable does not hold reserves or cash these statements are not required;
- **The Police Pension Fund Account** is a statement that shows expenditure, income, assets and liabilities pertaining to Police Pensions in the year. The Chief Constable is responsible for administering pension schemes and for undertaking the appropriate maintenance and for the provision of the relevant accounts.

- **An Annual Governance Statement** is included within this Statement of Accounts that sets out details of how the Chief Constable exercises governance over his affairs. The Statement is a statutory document which also includes an annual review of the adequacy of the Governance arrangements, and also provides assurance on the systems of internal control that the Chief Constable maintains.

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 2017/18.

M. Collins 24/7/18
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 2018.

E. Harris 24/7/18
Chief Financial Officer to the Chief Constable Date

Joint Annual Governance Statement 2017-18

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

Introduction and Scope of Responsibilities

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

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

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

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

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

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

Governance Arrangements

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

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

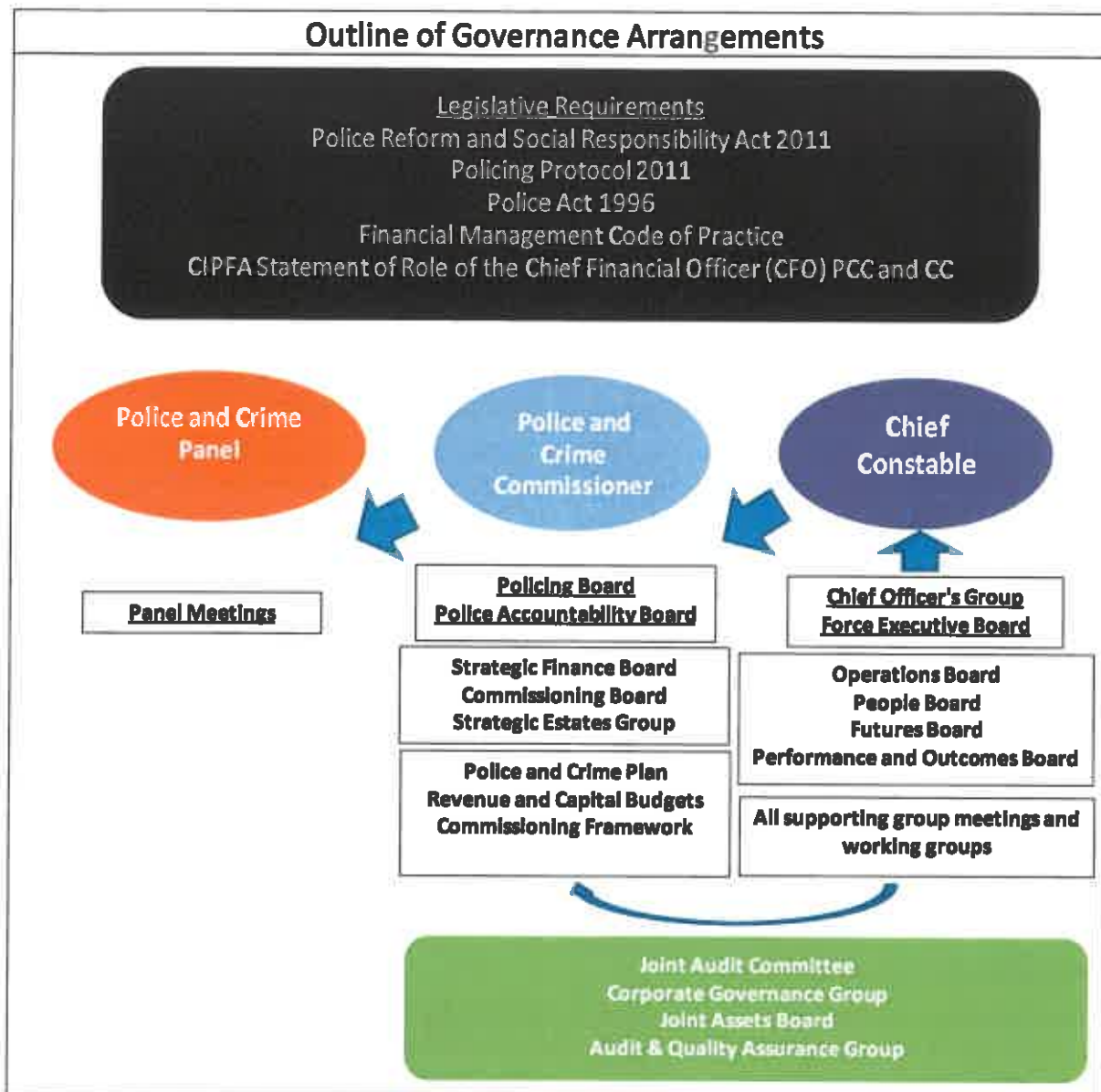
The framework was reviewed and updated to reflect the new governance structures in both the Force and OPCC. It consists of the following three documents:

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

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

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

Outline of Governance Arrangements



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

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

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

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

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

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

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

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

Contributing to and supporting Governance & Accountability

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

Corporate Governance Group

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

Joint Audit Committee

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

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

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

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

Internal Audit

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

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

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

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

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

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

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

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

External Audit

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

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

The Wales Audit Office issued unqualified audit opinions in respect of the 2016/17 accounts to both the Commissioner and Chief Constable and were satisfied that the Commissioner and Chief Constable had appropriate arrangements in place in the year to secure economy, efficiency and effectiveness in their use of resources.

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

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

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

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

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

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

Information Commissioner's Office

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

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



























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

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

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

In 2016/17, the Police Effectiveness, Efficiency, Leadership and Legitimacy (PEEL) Programme assessed Dyfed-Powys Police as "Requiring Improvement" overall and against each area. During 2017/18, the Force continued to experience a significant level

of HMIC Inspection activity. Pleasingly, however, the overall grading for the Force has improved in the most recent Effectiveness and Legitimacy inspections.

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

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

Police and Crime Panel

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

The Panel has a number of powers and responsibilities including:

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

- Make reports or recommendations to the Commissioner
- Review the Commissioner's conduct

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

Core Principles and their application

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

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

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

Review of effectiveness

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

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

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

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

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

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

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

| | |
|---|---|
| | <p>increase with a range of methodologies being utilised, including public meetings being hosted by the Commissioner and Chief Constable in local communities, an increased number of engagement days, bi-monthly 'Community Link' newsletter and increased social media activity. This area continues to be a focus for the Commissioner, with activity to include the establishment of a youth forum, increasing the use of volunteers to support scrutiny activity and exploring further opportunities for community engagement across the Dyfed-Powys area.</p> |
| <p>Consider sustainable development principles for all key developments as part of a new front door process for business cases and future planning</p> | <p>In progress: Business case models are being rolled out within Dyfed-Powys. All cases for resource must be submitted in a reasoned business case, aligned to the Treasury Green Book Model.</p> <p>A corporate template for business cases has been developed and will ensure reference to sustainable development principles.</p> <p>In progress: The force continue to develop the 'front door' process and embed throughout the new governance structure and arrangements.</p> |
| <p>Develop and embed the Police and Crime Plan (PCP) Delivery Plan into the organisation through appropriate governance arrangements including performance structures</p> | <p>In progress: A team was established to develop the PCP Delivery Plan in support of the PCP. Progress against the Delivery Plan will be overseen by the Governance Boards and monitored regularly.</p> |
| <p>Create a repository of staff skills and qualifications to and finalise the Leadership and Wellbeing Strategy. Implement the Transformational Leadership Programme</p> | <p>Complete: A skills audit has taken place for the Force and OPCC resulting in the creation of a repository of officer and staff skills within iTrent. There are opportunities to develop this work more widely to inform workforce planning and consideration will be given to options in 2018/19. This area continues to be a focus for the PCC, with activity for 2018/19 to include the establishment of a youth forum, increasing the use of volunteers to support scrutiny activity and exploring further opportunities for community engagement across the Dyfed-Powys area.</p> <p>Complete: The CALON Strategy has been embedded and a forum within the Governance Structure oversees progress with the various strands of leadership and wellbeing development.</p> <p>Complete: Transformational Leadership programme has been rolled out to the top 60 leaders within the Force and OPCC. An evaluation of the programme has been undertaken and results will inform the wider roll out of Leadership training throughout the Force and OPCC.</p> |
| <p>Complete the Historic Areas for Improvement included in HMICFRS Police Efficiency Effectiveness and Legitimacy (PEEL) inspections to improve the gradings to 'good'.</p> | <p>In progress: There is a rolling programme in place to scrutinise all outstanding Areas For Improvement (AFIs) resulting from HMICFRS inspections and considerable progress has been made with closing these. Responsibility for addressing these rests with the various Governance Boards and Groups and further oversight is delivered by the HMICFRS Governance group to ensure progress.</p> <p>Significant improvements have been made with 'Good' gradings being achieved for Effectiveness and Legitimacy.</p> |
| <p>Establish and publish a plan of our own audit of processes and systems and compliance testing. Link corporate governance action plan to risk register.</p> | <p>In progress: An audit plan is in development following an exercise to understand what audit and testing already takes place throughout the Force. Overseeing progress in relation to this work is the Audit and Quality Assurance Group.</p> <p>Complete: The Corporate Risk Register informs the development of the Corporate Governance Framework and Annual Governance Statement. As such, these documents are aligned. It is important</p> |

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| | that they do not duplicate one another and therefore any actions within the AGS (as is the case for risk) will become the responsibility of the various boards to address and report back to. |
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Note: As a consequence of preparing one Annual Governance Statement, the above review of progress has consolidated both of the 2017/18 actions plans.

Actions for 2018/19

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

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

Declaration

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

Signed:



Mark Collins
Chief Constable

Date: 24/7/18

Signed:



Dafydd Llywelyn
Police and Crime
Commissioner

Date: 24/7/18

Signed:



Edwin Harries
Director of
Finance

Date: 24/7/18

Signed:

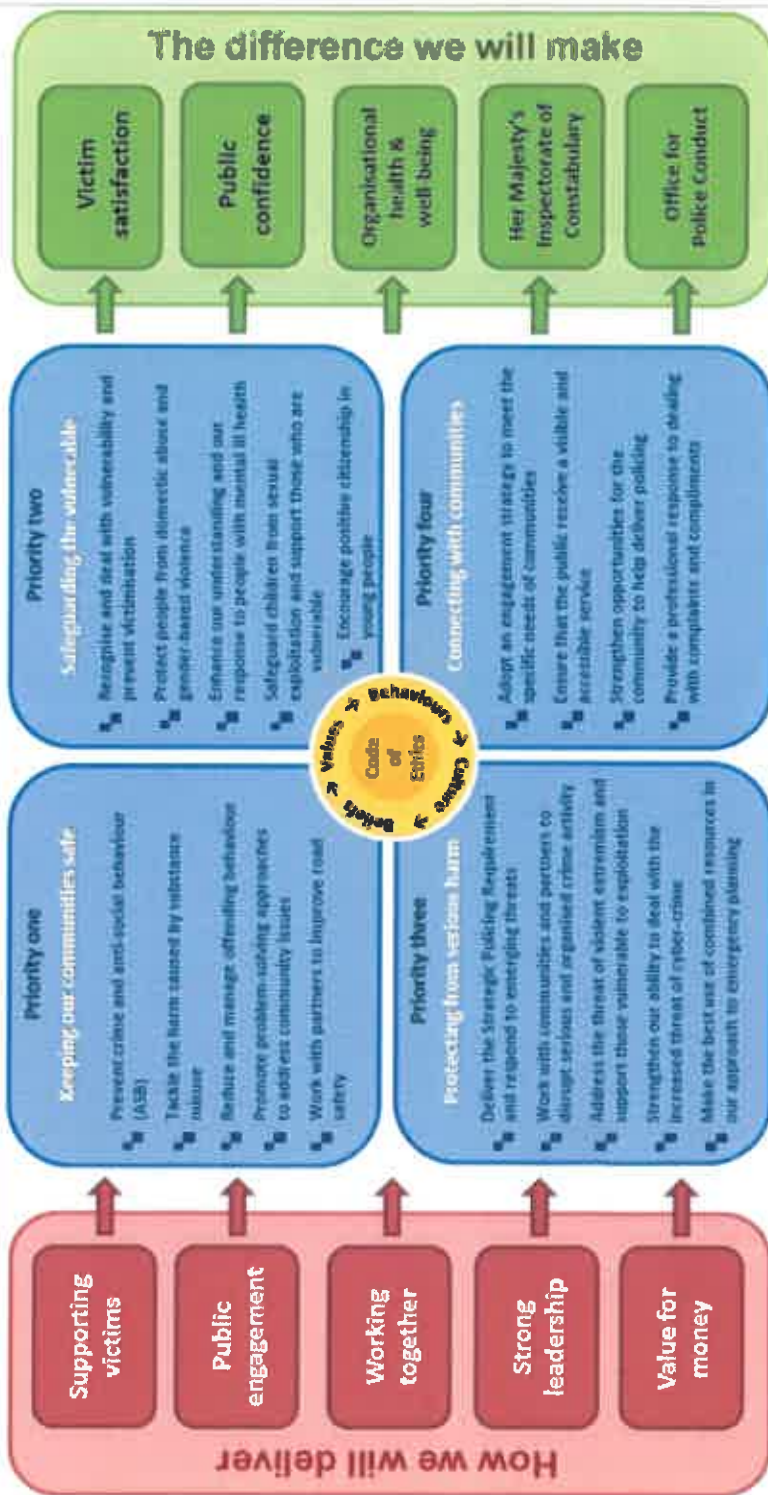


Beverley Peatling
Chief Financial
Officer, OPCC

Date: 24th July 2018



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



Intelligence
 Multi-agency Police & Crime Panel
 Community Safety Partnerships
 Corporate communications

Local Policing
 Business Support Unit
 Community Engagement

Partnerships
 Education, Communications, Technology, Civil Contingencies

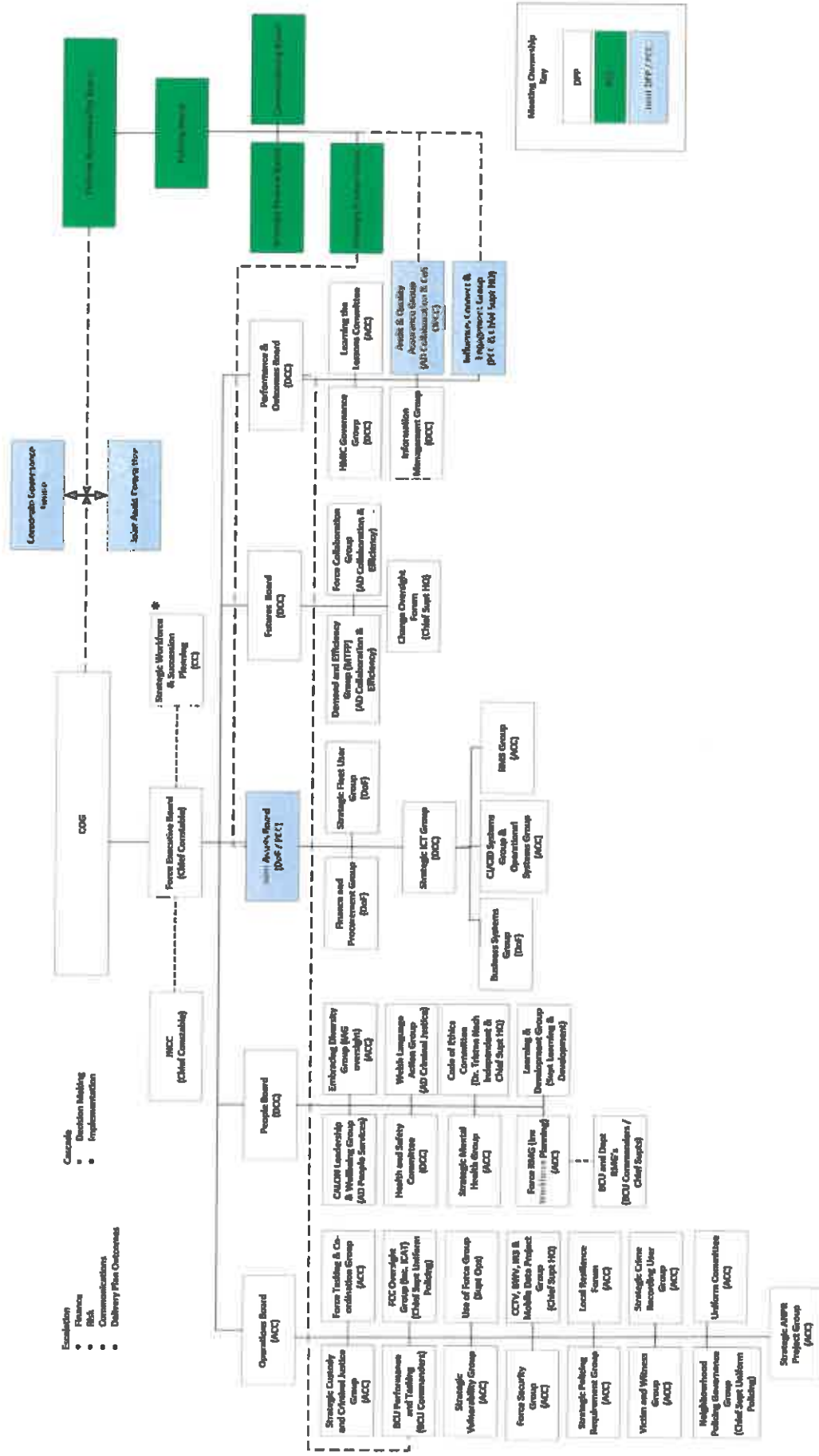
Public Protection
 Professional Standards
 People Services

Department Operations
 Legal & Compliance
 Force communications
 Security & Operations
 Joint Police Support

Her Majesty's Inspectorate of Constabulary
 Office for Police Conduct

Police & Crime Delivery Plan 2017-2021

Appendix B – Governance Structure



Appendix C – Matrix of Evidence

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| <p>Core Principle</p> <p>A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p> | <p>What's in place</p> <p>Policing Services:</p> <p>Workforce</p> <ul style="list-style-type: none"> • Code of Conduct, • A register of gifts and hospitality <p>Checks and balances</p> <ul style="list-style-type: none"> • Legally Qualified Chairs (LQCs). • Legislative changes to complaint handling¹. <p>Chief Constable:</p> <p>Workforce</p> <ul style="list-style-type: none"> • The Leadership Foundation • College of Policing code of ethics embedded in the force vision, mission and values. • Methods to challenge unethical behaviour include <ul style="list-style-type: none"> ○ Bad Apple, ○ Code of Ethics Committee. ○ Whistleblowing <p>Checks and balances</p> <ul style="list-style-type: none"> • Legal Services. • Professional Standards Department and People Services Department. • Ethics Committee and the Learning the Lessons Group. <p>Independent assessment</p> <ul style="list-style-type: none"> • HMICFRS PEEL legitimacy inspection |
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¹ the Policing and Crime Act 2017

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

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

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

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| | <p>Checks and balances</p> <ul style="list-style-type: none"> • Unofficial adoption of the core principles of ISO14001 Environmental Management System. • Collaboration with the Carbon Trust. • The principals of HSC65 "Successful Health and Safety Management" are adopted. <p>Independent assessment</p> <ul style="list-style-type: none"> • A feasibility study was undertaken by the Carbon Trust and Resource Efficiency Wales through the Welsh Government in 2017. • An external force undertakes an audit of Health and Safety every 5 years. • Governed by the Health and Safety Executive (HSE) and Fire Authorities. • Infrequent audits are carried out by TIAA. <p>Commissioner: Workforce</p> <ul style="list-style-type: none"> • Estates Strategy. • The Commissioner holds the national portfolio for IT. |
| <p>D: Determining the interventions necessary to optimise the achievement of the intended outcomes.</p> | <p>Policing Services: Workforce</p> <ul style="list-style-type: none"> • PDR process. • Corporate and Dynamic Risk registers. <p>Independent assessment</p> <ul style="list-style-type: none"> • Internal Audit work programmes. • WAO work programme. <p>Chief Constable: Workforce</p> <ul style="list-style-type: none"> • Overarching force performance is reported through the Performance and Outcomes Board. Local Performance monitoring takes place through the performance and tasking meetings. A dashboard system (Qlikview) brings together force performance data. • Overarching priorities such as the Control Strategy, the Chief Constable's 3 priorities and the Police and Crime Plan sets the direction for local policing. |

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

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

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| | <p>Checks and balances</p> <ul style="list-style-type: none"> • The Out of Court Disposal Panel provides independent professional views on criminal justice matters. • The Quality Assurance Panel provides independent scrutiny on police complaint handling and non-emergency call handling. <p>Independent assessment</p> <ul style="list-style-type: none"> • Police and Crime Panel scrutinises the PCC's activity, decision-making and discharge of his statutory obligations |
| <p>G: Implementing good practices in transparency, reporting and audit to deliver effective accountability</p> | <p>Policing Services: Workforce</p> <ul style="list-style-type: none"> • The Commissioner and Chief Constable have migrated to a Joint Annual Governance Statement. • New websites detail key information to ensure transparency of activity. <p>Checks and balances</p> <ul style="list-style-type: none"> • The Joint Audit Committee is a key component of the Dyfed-Powys Police Service's corporate governance. <p>Independent assessment</p> <ul style="list-style-type: none"> • Internal and external audit programmes bring independent scrutiny and quality assurance to various work streams and business areas. <p>Chief Constable: Workforce</p> <ul style="list-style-type: none"> • The revised governance structure brings transparency of process and decision making within the Force. <p>Independent assessment</p> <ul style="list-style-type: none"> • Numerous inspections scrutinise force activity. These include: <ul style="list-style-type: none"> ◦ HMICFRS; ◦ ICO; ◦ Internal Audit; and ◦ IOPC. <p>Commissioner: Workforce</p> |

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| | <ul style="list-style-type: none">• Policing Accountability Board meetings are publicly held in various locations throughout the Force area. <p>Checks and balances</p> <ul style="list-style-type: none">• The Out of Court Disposal Panel and Quality Assurance Panel provide independent scrutiny and quality assure business processes. <p>Independent assessment</p> <ul style="list-style-type: none">• The Police and Crime Panel scrutinise the activity of the PCC. |
|--|--|

The independent auditor's report of the Auditor General for Wales to Chief Constable for Dyfed Powys

Report on the audit of the financial statements

Opinion

I have audited the financial statements of:

- Chief Constable for Dyfed Powys; and
- Dyfed Powys Police Pension Fund.

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

The Chief Constable for Dyfed Powys financial statements comprise, the Comprehensive Income and Expenditure Statement, the Balance Sheet, and the related notes, including a summary of significant accounting policies.

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

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The responsible financial officer is responsible for the other information in the Narrative Report and accounts. The other information comprises the information included in the Narrative Report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the

extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Report on other requirements

Opinion on other matters

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

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

Matters on which I report by exception

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

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

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

Certificate of completion of audit

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

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 18, the responsible financial officer is responsible for the preparation of the statement of accounts, including the Dyfed Powys Police Pension Fund's financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Chief Constable for Dyfed Powys ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Anthony J Barrett
24 Cathedral Road
Cardiff
CF11 9LJ

For and on behalf of the Auditor General for Wales

Signature:



Date:

30 July 2018

The maintenance and integrity of the Dyfed Powys Police website is the responsibility of the Chief Constable; 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

This statement summarises the resources that have been generated and consumed in providing policing and crime reduction services during the year. The 2016/17 Statement has been restated to reflect changes made to Force Governance Structures and Reporting Arrangements.

| 2016/17 (Restated) | | | | 2017/18 | | | |
|--------------------|--------------|-----------------|--|---------|-------------------|--------------|-----------------|
| Gross Expenditure | Gross Income | Net Expenditure | Comprehensive Income and Expenditure Statement | Not | Gross Expenditure | Gross Income | Net Expenditure |
| £'000 | £'000 | £'000 | | | £'000 | £'000 | £'000 |
| | | | <u>POLICE AND CRIME COMMISSIONER</u> | | | | |
| 0 | 0 | 0 | Commissioning and Office Costs | | 0 | 0 | 0 |
| 0 | 0 | 0 | Estates | | 0 | 0 | 0 |
| 0 | 0 | 0 | TOTAL POLICE & CRIME COMMISSIONERS OFFICE | | 0 | 0 | 0 |
| | | | <u>CHIEF CONSTABLE</u> | | | | |
| | | | <u>Budgets Managed Corporately by the Chief Constable</u> | | | | |
| 1,476 | 0 | 1,476 | Chief Constable's Office | | 1,589 | 0 | 1,589 |
| 6,708 | 0 | 6,708 | Centrally Managed Corporate Budgets | | 7,011 | 0 | 7,011 |
| 6,458 | 0 | 6,458 | Externally Funded National/Regional/Local Services | | 5,439 | 0 | 5,439 |
| 213 | 0 | 213 | Staff Associations | | 282 | 0 | 282 |
| | | | <u>Budgets Managed by the Deputy Chief Constable</u> | | | | |
| 2,628 | 0 | 2,628 | People's Services | | 3,094 | 0 | 3,094 |
| 2,522 | 0 | 2,522 | Legal, Information, Efficiency, Health & Safety | | 4,034 | 0 | 4,034 |
| 816 | 0 | 816 | Retirements, Major Operations and Communications | | 993 | 0 | 993 |
| 1,135 | 0 | 1,135 | Professional Standards | | 1,509 | 0 | 1,509 |
| | | | <u>Budgets Managed by the Assistant Chief Constable</u> | | | | |
| 54,059 | 0 | 54,059 | Local Policing | | 64,151 | 0 | 64,151 |
| 25,741 | 0 | 25,741 | Investigations | | 30,187 | 0 | 30,187 |
| 1,580 | 0 | 1,580 | Scientific Support | | 1,679 | 0 | 1,679 |
| 1,302 | 0 | 1,302 | Criminal Justice | | 1,812 | 0 | 1,812 |
| | | | <u>Budgets Managed by the Director of Finance</u> | | | | |
| 4,610 | 0 | 4,610 | Information Systems and Technology | | 4,629 | 0 | 4,629 |
| 2,439 | 0 | 2,439 | Business Support Unit | | 2,638 | 0 | 2,638 |
| 1,039 | 0 | 1,039 | Fleet Costs | | 1,120 | 0 | 1,120 |
| 703 | 0 | 703 | Finance and Procurement | | 716 | 0 | 716 |
| 0 | 0 | 0 | <u>Non-distributed Costs</u> | | 92 | 0 | 92 |
| | | | <u>Exceptional Items -</u> | | | | |
| 0 | 0 | 0 | Abnormal Loads – Windfarms | 6 | 187 | 0 | 187 |
| 0 | 0 | 0 | Operation Heath | 6 | 798 | 0 | 798 |
| 113,429 | 0 | 113,429 | TOTAL CHIEF CONSTABLE | | 131,960 | 0 | 131,960 |
| 113,429 | 0 | 113,429 | COST OF SERVICES | | 131,960 | 0 | 131,960 |
| 0 | 0 | 0 | Other Operating Income/Expenditure | | 0 | 0 | 0 |
| 35,913 | 0 | 35,913 | Financing & Investment Income & Expenditure | 8 | 33,674 | 0 | 33,674 |
| 0 | 0 | 0 | Taxation and non-specific grant Income | | 0 | 0 | 0 |
| 0 | (149,342) | (149,342) | Commissioning Costs (Intra-group transfer) | | 0 | (165,634) | (165,634) |
| 149,342 | (149,342) | 0 | (Surplus)/deficit on Provision of Services | | 165,634 | (165,634) | 0 |
| | | 0 | Surplus or deficit on revaluation of non-current assets | | | | 0 |
| | | 271,423 | Actuarial (gains)/losses on pension assets/liabilities | | | | (167,085) |
| | | (271,423) | Commissioning Costs (Intra-group transfer) | | | | 167,085 |
| | | 0 | Other comprehensive Income and expenditure | | | | 0 |
| | | 0 | Total comprehensive Income and expenditure | | | | 0 |

Balance Sheet

| 31st March 2017 | | Note | 31st March 2018 |
|-----------------------------------|-------------------------------|-------------|-----------------------------------|
| £'000 | | | £'000 |
| 0 | Property, plant & equipment | | 0 |
| 0 | Investment property | | 0 |
| 0 | Intangible assets | | 0 |
| 0 | Assets held for sale | | 0 |
| 1,312,506 | Long term debtors | 9 | 1,182,591 |
| 1,312,506 | Long term assets | | 1,182,591 |
| 0 | Short term investments | | 0 |
| 429 | Inventories | 10 | 459 |
| 291 | Short term debtors | 11 | 713 |
| 0 | Cash and cash equivalents | | 0 |
| (720) | Intra-group transfer | | (1,172) |
| 0 | Current assets | | 0 |
| 0 | Bank Overdraft | | 0 |
| 0 | Short term borrowing | | 0 |
| (5,180) | Short term creditors | 12 | (6,911) |
| 0 | Short term provisions | | 0 |
| 5,180 | Intra - group transfer | | 6,911 |
| 0 | Current liabilities | | 0 |
| 0 | Long term creditors | | 0 |
| 0 | Long term borrowing | | 0 |
| (1,312,506) | Other long term liabilities | 20 | (1,182,591) |
| 0 | Long term provisions | | 0 |
| 0 | Grant receipts in advance | | 0 |
| (1,312,506) | Long term liabilities | | (1,182,591) |
| 0 | Net assets/liabilities | | 0 |
| 0 | Usable reserves | | 0 |
| 0 | Unusable reserves | | 0 |
| 0 | Total reserves | | 0 |

Police Pension Fund

| Chief Constable 2016/17 | | Fund Account | Chief Constable 2017/18 | |
|----------------------------|-----------------|--|----------------------------|-----------------|
| £'000 | | | £'000 | £'000 |
| | | Contributions receivable: | | |
| (10,236) | | • Employer contributions | (10,462) | |
| (373) | | • Other income | (441) | |
| (5,770) | | Officers' contributions | (5,855) | |
| | (16,379) | | | (16,758) |
| 78 | | Transfers in from other pension funds | (46) | |
| | | Benefits payable: | | |
| 23,273 | | • Pensions | 24,823 | |
| 7,286 | | • Commutations and lump sum retirement benefits | 10,053 | |
| | 30,637 | | | 34,830 |
| | | Payments to and on account of leavers: | | |
| (58) | | • Transfers out to other pension funds | 0 | |
| 5 | | • Refunds of contributions | 5 | |
| 20 | | • Scheme Pays tax payments | 500 | |
| | (33) | | | 505 |
| | 14,225 | Net amount payable for the year | | 18,577 |
| | (14,225) | Additional contribution from the Police Fund (re Home Office grant) | | (18,577) |
| | 0 | | | 0 |

| Chief Constable 2016/17 | Net Assets Statement | Chief Constable 2017/18 |
|----------------------------|----------------------------|----------------------------|
| £'000 | | £'000 |
| | Current Assets | |
| 0 | Deficit due | 0 |
| 0 | | 0 |
| | Current Liabilities | |
| 0 | Surplus owed | 0 |
| 0 | | 0 |
| 0 | | 0 |

Details on how the Police Pension Fund is administered are included in the Accounting Policies Section of these accounts.

Notes to the Accounts

1. Accounting policies

General Principles

The Statement of Accounts summarises the Chief Constable's transactions for the 2017/18 financial year and the position at the year-end of 31st March 2018. The Chief Constable is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 (as amended), which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 and the Service Reporting Code of Practice 2017/18, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

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

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

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

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

Accruals of Income and Expenditure

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

Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Chief Constable's arrangements for accountability and financial performance.

Exceptional Items

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

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.

Financial Instruments**Financial Liabilities**

These are initially measured at fair value and are carried at their amortised cost.

Financial Assets

The financial assets held by the Chief Constable during the year are financial assets that have fixed or determinable payments and not quoted in an active market.

Foreign currency translation

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

Inventories

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

Collaborative Arrangements

CIPFA issued new guidance on "Accounting for Collaboration" applicable for the 2014/15 financial year onwards. This required the Chief Constable to assess all collaborative activity and categorise these into either joint operations or joint ventures and account for their fair share of expenditure, income, assets and

liabilities in their individual accounts. Further details can be found under the Collaborative Arrangements note.

Employee benefits

Benefits Payable During Employment

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

Termination Benefits

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

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

Post-Employment Benefits

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

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

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

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

Discretionary Benefits

The Commissioner and Chief Constable also have restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are

accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

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 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).

Value Added Tax (VAT)

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

2. Previous Period Adjustments

Modification of Force Governance Structures and Reporting Arrangements

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

Restructuring

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

- the former Director of Resources (Column A)
- the former Director of Legal and Compliance (Column B)

amongst the three positions of Assistant Chief Constable, Deputy Chief Constable and Director of Finance.

Changes in Reporting Arrangements

The Comprehensive Income and Expenditure Statement has also been amended to reflect the latest reporting arrangements. These amendments also provide a more detailed and meaningful breakdown across Directorate Headings. The main changes are;

- Corporate Communications that previously reported directly into the Chief Constable now reports into the Deputy Chief Constable (Column C)
- A breakdown split of the Finance Directorate into component Departments (Column D)
- the transfer of responsibility for Estates from the Chief Constable (Resources) to the Commissioner and other minor changes (Columns A & E)

| | Cost of Services 2016/17 (previous) | Restructuring | | Changes in Reporting Arrangements | | | Cost of Services 2016/17 (restated) |
|--|-------------------------------------|----------------------|---------------------------------|-------------------------------------|--------------------------|------------------|-------------------------------------|
| | | Resources (Column A) | Legal and Compliance (Column B) | Chief Constable's Budget (Column C) | Finance Split (Column D) | Other (Column E) | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Commissioning and Office Costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Estates | 0 | 3,900 | 0 | 0 | 0 | (3,900) | 0 |
| Chief Constable's Office | 2,289 | 0 | 0 | (813) | 0 | 0 | 1,476 |
| Centrally Managed Corporate Budgets | 6,694 | 0 | 0 | 0 | 0 | 14 | 6,708 |
| Externally Funded National/Regional/Local Services | 6,460 | 0 | 0 | 0 | 0 | (2) | 6,458 |
| Staff Associations | 212 | 0 | 0 | 0 | 0 | 1 | 213 |
| Resources Directorate | 9,516 | (9,516) | 0 | 0 | 0 | 0 | 0 |
| Legal and Compliance Directorate | 2,085 | 0 | (2,085) | 0 | 0 | 0 | 0 |
| People's Services | 0 | 2,628 | 0 | 0 | 0 | 0 | 2,628 |
| Legal, Information, Efficiency, Health & Safety | 0 | 456 | 2,066 | 0 | 0 | 0 | 2,522 |
| Retirements, Major Operations and Communications | 0 | 0 | 0 | 816 | 0 | 0 | 816 |
| Professional Standards | 1,134 | 0 | 0 | 0 | 0 | 1 | 1,135 |
| Local Policing | 53,996 | 63 | 0 | 0 | 0 | 0 | 54,059 |
| Investigations | 25,710 | 30 | 0 | 0 | 0 | 1 | 25,741 |
| Scientific Support | 1,578 | 0 | 0 | 0 | 0 | 2 | 1,580 |
| Criminal Justice | 1,310 | 0 | 0 | 0 | 0 | (8) | 1,302 |
| Finance Directorate | 6,345 | 0 | 0 | 0 | (6,345) | 0 | 0 |
| Information Systems and Technology | 0 | 0 | 0 | 0 | 4,610 | 0 | 4,610 |
| Business Support Unit | 0 | 2,439 | 0 | 0 | 0 | 0 | 2,439 |
| Fleet Costs | 0 | 0 | 0 | 0 | 1,039 | 0 | 1,039 |
| Finance and Procurement | 0 | 0 | 0 | 0 | 703 | 0 | 703 |
| Exceptional Items | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COST OF SERVICES | 117,329 | 0 | (19) | 3 | 7 | (3,891) | 113,429 |

The impact of the above changes on the 2016/17 Comprehensive Income and Expenditure Statement are shown below:

Group Comprehensive Income and Expenditure Statement (CIES)

| 2016/17 (previous) | | | | 2016/17 (Restated) | | |
|--------------------|--------------|-----------------|--|--------------------|--------------|-----------------|
| Gross Expenditure | Gross Income | Net Expenditure | | Gross Expenditure | Gross Income | Net Expenditure |
| £'000 | £'000 | £'000 | | £'000 | £'000 | £'000 |
| 0 | 0 | 0 | Commissioning and Office Costs | 0 | 0 | 0 |
| 0 | 0 | 0 | Estates | 0 | 0 | 0 |
| 2,289 | 0 | 2,289 | Chief Constable's Office | 1,476 | 0 | 1,476 |
| 6,694 | 0 | 6,694 | Centrally Managed Corporate Budgets | 6,708 | 0 | 6,708 |
| 6,460 | 0 | 6,460 | Externally Funded National/Regional/Local Services | 6,458 | 0 | 6,458 |
| 212 | 0 | 212 | Staff Associations | 213 | 0 | 213 |
| 9,516 | 0 | 9,516 | Resources Directorate | 0 | 0 | 0 |
| 2,085 | 0 | 2,085 | Legal and Compliance Directorate | 0 | 0 | 0 |
| 0 | 0 | 0 | People's Services | 2,628 | 0 | 2,628 |
| 0 | 0 | 0 | Legal, Information, Efficiency, Health & Safety | 2,522 | 0 | 2,522 |
| 0 | 0 | 0 | Retirements, Major Operations and Communications | 816 | 0 | 816 |
| 1,134 | 0 | 1,134 | Professional Standards | 1,135 | 0 | 1,135 |
| 53,996 | 0 | 53,996 | Local Policing | 54,059 | 0 | 54,059 |
| 25,710 | 0 | 25,710 | Investigations | 25,741 | 0 | 25,741 |
| 1,578 | 0 | 1,578 | Scientific Support | 1,580 | 0 | 1,580 |
| 1,310 | 0 | 1,310 | Criminal Justice | 1,302 | 0 | 1,302 |
| 6,345 | 0 | 6,345 | Finance Directorate | 0 | 0 | 0 |
| 0 | 0 | 0 | Information Systems and Technology | 4,610 | 0 | 4,610 |
| 0 | 0 | 0 | Business Support Unit | 2,439 | 0 | 2,439 |
| 0 | 0 | 0 | Fleet Costs | 1,039 | 0 | 1,039 |
| 0 | 0 | 0 | Finance and Procurement | 703 | 0 | 703 |
| 0 | 0 | 0 | Exceptional Items | 0 | 0 | 0 |
| 117,329 | 0 | 117,329 | NET COST OF SERVICES | 113,429 | 0 | 113,429 |

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

The Code requires the Police and Crime Commissioner to disclose information relating to the impact of an accounting change that will be required by a new accounting standard that has been issued but not yet adopted by the Code. The following changes will be required from 1 April 2018:

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

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

4. Critical judgements in applying accounting policies

Police Pension Legal Challenge - Career Average Revalued Earnings

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

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

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

Given the fact that the Judiciary and Firefighter claims are subject to further appeal and the Police claims are yet to be heard, and the uncertainty regarding remedy and quantum at this point in time it is not possible to provide an estimate of the financial effect in the event that the claims are partially or fully successful. Therefore it has been assessed that the Chief Constable has no liability at the Balance Sheet date and for these reasons, no provision has been made in the 2017/18 Accounting Statements.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the 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 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

| Item | Uncertainties | Effect if actual results differ from assumptions |
|--------------------|--|--|
| 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 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, an increase of 0.1% in pay award for the police officer pension scheme would result in an increase to the pension liability of £1.152 million. |

6. Material items of income and expense

Abnormal Loads – Windfarms (Gross Expenditure 187k)

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

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

Operation Heath (Gross Expenditure £798k)

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

7. Events after the balance sheet date

Police Staff Pay Award

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

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

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

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

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

8. 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.

| 2016/17 | | 2017/18 |
|---------------|---|---------------|
| £'000 | | £'000 |
| 0 | Interest payable and similar charges | 0 |
| 35,913 | Pensions interest cost and expected return on pensions assets | 33,674 |
| 0 | Interest receivable and similar income | 0 |
| 0 | Investment Properties income and expenditure | 0 |
| 0 | Specific capital grants available during year | 0 |
| 35,913 | Total | 33,674 |

9. 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 2017 | 31 st March 2018 | 31 st March 2017 | 31 st March 2018 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade Payables (Creditors)* | 0 | 0 | (2,042) | (2,782) |
| Liability related to Defined Benefit Pension Scheme** | (1,312,684) | (1,182,188) | 0 | 0 |
| Total Financial Liabilities | (1,312,684) | (1,182,188) | (2,042) | (2,782) |
| Loans and receivables: | | | | |
| Trade Receivables (Debtors)* | 0 | 0 | 291 | 713 |
| Total Financial Assets | 0 | 0 | 291 | 713 |

*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.

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

There has been no change in the valuation technique used during the year

| Carrying amount | Fair value | | Carrying amount | Fair value |
|-----------------------------|-----------------------------|--|-----------------------------|-----------------------------|
| 31 st March 2017 | 31 st March 2017 | | 31 st March 2018 | 31 st March 2018 |
| £'000 | £'000 | | £'000 | £'000 |
| | | Financial Liabilities: | | |
| (1,312,684) | (1,312,684) | Liability related to Defined Benefit Pension Scheme | (1,182,188) | (1,182,188) |
| 271,424 | 271,424 | Actuarial (gains)/losses on pension assets/liabilities | (167,086) | (167,086) |
| (2,042) | (2,042) | Trade Payables (Creditors) | (2,782) | (2,782) |
| (1,043,302) | (1,043,302) | Total Financial Liabilities | (1,352,056) | (1,352,056) |
| | | Financial Assets: | | |
| 291 | 291 | Trade Receivables (Debtors) | 713 | 713 |
| 291 | 291 | Total Financial Assets | 713 | 713 |

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.

10. Inventories

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

11. Short-term Debtors

| 31 st March 2017 | | 31 st March 2018 |
|-----------------------------|--------------------------------|-----------------------------|
| £'000 | | £'000 |
| 0 | Central Government bodies | 0 |
| 0 | Local authorities | 0 |
| 0 | Other Police Bodies | 0 |
| 1 | Other Public Bodies | 0 |
| 290 | Limited Companies | 704 |
| 0 | Other entities and Individuals | 9 |
| 0 | Value added tax claims | 0 |
| 291 | Total | 713 |

12. Short-term Creditors

| 31 st March 2017 | | 31 st March 2018 |
|-----------------------------|--------------------------------|-----------------------------|
| £'000 | | £'000 |
| 73 | Central Government bodies | 61 |
| 622 | Local authorities | 587 |
| 2,424 | Other Police Bodies | 3,365 |
| 19 | Other Public Bodies | 115 |
| 1,110 | Limited Companies | 1,219 |
| 932 | Other entities and Individuals | 1,564 |
| 5,180 | Total | 6,911 |

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.

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

14. Collaborative Arrangements

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

The Police and Crime Commissioner for each Police Force will be responsible for ensuring the Strategic Policing Requirement is met. As part of this, he will look to work in collaboration with other Commissioners and forces to provide the most effective service possible. Such agreements are regulated by Section 22A of the Police Act 1996, as amended by the Police Reform and Social Responsibility Act 2011.

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

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

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

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

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

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

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

The Expenditure and Income Statements for the main collaborative arrangements are shown on the following page:

| 2017/18 | Counter Terrorism Intelligence Unit | Counter Terrorism Specialist Advisors | Counter Terrorism Port/Dedicated Security | Regional Organised Crime Unit | Regional Task Force | Joint Firearms Unit | TOTAL |
|---|-------------------------------------|---------------------------------------|---|-------------------------------|---------------------|-----------------------|-----------------|
| Service Classification | National Policing | National Policing | National Policing | Intelligence/ Investigation | Intelligence | Specialist Operations | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Pay Expenditure | 5,574 | 425 | 4,356 | 4,793 | 1,554 | 11,292 | 27,994 |
| Non Pay Expenditure | 1,142 | 30 | 285 | 1,201 | 411 | 1,568 | 4,637 |
| Gross Expenditure | 6,716 | 455 | 4,641 | 5,994 | 1,965 | 12,860 | 32,631 |
| Specific Grant Income | (6,772) | (455) | (4,641) | (4,320) | (500) | (1,473) | (18,161) |
| Income | 56 | 0 | 0 | (43) | (2) | (163) | (152) |
| Total Income & Grants | (6,716) | (455) | (4,641) | (4,363) | (502) | (1,636) | (18,313) |
| (Surplus) or Deficit - to be funded from Force Contributions as follows: | 0 | 0 | 0 | 1,631 | 1,463 | 11,224 | 14,318 |
| Force Contributions (Net): | | | | | | | |
| Dyfed-Powys | 0 | 0 | 0 | (348) | (298) | (3,457) | (4,103) |
| Gwent | 0 | 0 | 0 | (394) | (380) | (2,594) | (3,368) |
| North Wales | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| South Wales | 0 | 0 | 0 | (889) | (785) | (5,173) | (6,847) |
| Total Force Contributions | 0 | 0 | 0 | (1,631) | (1,463) | (11,224) | (14,318) |

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

| 2017/18 | Counter Terrorism Intelligence Unit | Counter Terrorism Specialist Advisors | Counter Terrorism Port/Dedicated Security | Regional Organised Crime Unit | Regional Task Force | Joint Firearms Unit | TOTAL |
|---|---|---|---|---|---|--|-----------------|
| Service Classification and agreed basis of apportionment | National Policing – (Population – national benefit basis) | National Policing – (Population – national benefit basis) | National Policing – (Population – national benefit basis) | Intelligence/ Investigation (Population – national benefit basis) | Intelligence (Agreed Financial Contribution – local delivery) | Specialist Operations (Agreed Financial Contribution – local delivery) | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Dyfed-Powys | 1,113 | 75 | 472 | 1,279 | 400 | 3,998 | 7,337 |
| Gwent | 1,260 | 85 | 535 | 1,449 | 510 | 3,067 | 6,906 |
| North Wales | 1,501 | 102 | 2,428 | Note 1 | Note 1 | Note 1 | 4,031 |
| South Wales | 2,842 | 193 | 1,206 | 3,266 | 1,055 | 5,795 | 14,357 |
| Gross Expenditure | 6,716 | 455 | 4,641 | 5,994 | 1,965 | 12,860 | 32,631 |
| Dyfed-Powys | (1,113) | (75) | (472) | (931) | (102) | (509) | (3,202) |
| Gwent | (1,260) | (85) | (535) | (1,054) | (130) | (390) | (3,454) |
| North Wales | (1,501) | (102) | (2,428) | Note 1 | Note 1 | Note 1 | (4,031) |
| South Wales | (2,842) | (193) | (1,206) | (2,378) | (270) | (737) | (7,626) |
| Total Income & Grants | (6,716) | (455) | (4,641) | (4,363) | (502) | (1,636) | (18,313) |

| | | | | | | | | | |
|----------------------------------|---------|----------------|---------------|------------|---------------|---------------|----------------|---------------|----------------|
| Officer to the Chief Constable | 2016/17 | 69,903 | 0 | 0 | 0 | 0 | 69,903 | 8,108 | 78,012 |
| | 2017/18 | 41,891 | 0 | 0 | 16,154 | 0 | 58,045 | 5,655 | 63,700 |
| Director of Resources | 2016/17 | 69,903 | 0 | 0 | 0 | 0 | 69,903 | 8,108 | 78,012 |
| | 2017/18 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Director of Legal and Compliance | 2016/17 | 73,934 | 0 | 0 | 95,301 | 0 | 169,235 | 0 | 169,235 |
| | 2017/18 | 608,677 | 6,368 | 0 | 16,154 | 0 | 631,199 | 129,120 | 760,319 |
| Total 2017/18 | | 642,711 | 13,818 | 895 | 95,301 | 95,301 | 752,725 | 95,476 | 848,201 |
| Total 2016/17 | | | | | | | | | |

15. Officers' remuneration

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

| | Year | Note | Salary (including fees and allowances) | Note 1 | | Benefits in kind - relocation expenses | Pay In Lieu of Notice / Exit Payment | Total remuneration excluding pension contributions | Pension contributions | Total remuneration including pension contributions |
|---------------------------------------|---------|------|---|--------|-----|--|--|--|--------------------------|--|
| | | | | £ | £ | | | | | |
| Chief Constable | 2017/18 | | 139,487 | 0 | 0 | 0 | 0 | 139,487 | 32,939 | 172,426 |
| | 2016/17 | 3 | 39,894 | 757 | 0 | 0 | 0 | 40,651 | 9,420 | 50,071 |
| Chief Constable | 2017/18 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016/17 | 4 | 91,537 | 2,973 | 0 | 0 | 0 | 94,510 | 0 | 94,510 |
| Deputy Chief Constable | 2017/18 | | 120,441 | 0 | 0 | 0 | 0 | 120,441 | 27,577 | 148,018 |
| | 2016/17 | 5 | 10,988 | 217 | 0 | 0 | 0 | 11,24 | 2,285 | 13,490 |
| Deputy Chief Constable | 2017/18 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016/17 | 7 | 67,927 | 0 | 0 | 0 | 0 | 67,927 | 15,291 | 83,218 |
| T/Deputy Chief Constable | 2017/18 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016/17 | 8 | 105,041 | 5,591 | 895 | 0 | 0 | 111,527 | 24,774 | 136,301 |
| Assistant Chief Constable | 2017/18 | | 113,699 | 4,839 | 0 | 0 | 0 | 118,538 | 26,811 | 145,349 |
| | 2016/17 | 10 | 10,162 | 574 | 0 | 0 | 0 | 10,736 | 2,460 | 13,196 |
| Deputy Chief Constable - Gwent Police | 2017/18 | | 42,684 | 832 | 0 | 0 | 0 | 43,516 | 9,386 | 52,902 |
| | 2016/17 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| T/Assistant Chief Constable (A) | 2017/18 | | 34,347 | 697 | 0 | 0 | 0 | 35,044 | 8,377 | 43,421 |
| | 2016/17 | | 103,422 | 3,706 | 0 | 0 | 0 | 107,128 | 25,028 | 132,156 |
| T/Assistant Chief Constable (B) | 2017/18 | | 41,007 | 0 | 0 | 0 | 0 | 41,007 | 8,234 | 49,241 |
| | 2016/17 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Director of Finance/ Chief Financial | 2017/18 | | 75,121 | 0 | 0 | 0 | 0 | 75,121 | 10,141 | 85,262 |

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

Note 2: Under the Chief Officer Relocation Package Policy, Chief Officers who relocate their main home to the force area are entitled to receive reimbursement of their relocation expenses. This is in accordance with Winsor Recommendation 37, which states that Police and Crime Commissioners "should be required to pay all reasonable costs arising from the sale and purchase of a chief officer's house and should pay all tax liabilities arising from any relocation packages, so that, for the chief officer concerned, there is no personal financial disadvantage."

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

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

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

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

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

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

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

Note 10: The Assistant Chief Constable reverted to this rank from 26/02/2017 after her temporary promotion to DCC ended (see note 4). The annualised salary for this post in 2016/17 was £110,148.

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

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

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

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

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

Note 16: In addition to the above, the All Wales Deputy Chief Constable is employed by South Wales Police and his total remuneration costs are shown in the Remuneration Note of the South Wales Police Statement of Accounts. Each of the four Welsh Forces contribute to the total remuneration cost of the All Wales Deputy Chief Constable. In 2017-18, the contribution made by Dyfed-Powys Police was £61,422.

Other employees (excludes senior officers – itemised above)

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

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

Ratio of Chief Constable Remuneration

The revision to the Accounts and Audit Regulations (Wales) in 2014 has added a new requirement to report the following remuneration ratio information. Remuneration includes Basic salary, overtime, allowances and benefits in kind:

- the remuneration of the body's Chief Constable during the year to which the accounts relate
- the median full-time equivalent remuneration of all the body's employees in post at 31st March 2018; and
- the ratio of the amount in sub-paragraph (a) to the amount in sub-paragraph (b);

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

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

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

Exit Packages

1 member of staff exited the organisation during 2017/18.

The number of exit packages per band, along with total cost of the departures agreed for 2017/18 and 2016/17 is set out in the table below:

| Exit package cost band | 2016/17 | 2016/17 | 2017/18 | 2017/18 |
|------------------------|--|--|--|--|
| | Number of departures agreed in each band | Departure cost (including payment in lieu of notice) £'000 | Number of departures agreed in each band | Departure cost (including payment in lieu of notice) £'000 |
| £0 - £20,000 | 0 | 0 | 0 | 0 |
| £20,001 - £40,000 | 0 | 0 | 0 | 0 |
| £40,001 - £80,000 | 0 | 0 | 1 | 47 |
| £80,001 - £80,000 | 0 | 0 | 0 | 0 |
| £80,001 - £100,000 | 1 | 95 | 0 | 0 |
| £100,001 - £150,000 | 0 | 0 | 0 | 0 |
| £150,000 + | 0 | 0 | 0 | 0 |
| | 1 | 95 | 1 | 47 |

Flexible Retirement

The Force has recently adopted this policy and during the year 3 police staff took up the option. Due to these flexible retirements, an actuarial strain has been applied to the Local Government Scheme which resulted in a cost of £16k being charged to the Force.

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 are 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 2017/18, 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:

| 2016/17 £'000 | | 2017/18 £'000 |
|------------------|--|------------------|
| 39 | Fees payable to the Auditor General for Wales with regard to external audit services carried out under the <i>Code of Audit Practice</i> prepared by the Auditor General for Wales | 39 |
| 0 | Fees payable to the Auditor General for Wales in respect of statutory inspections | 0 |
| 0 | Fees payable to the Auditor General for Wales for the certification of grant claims and returns for the year | 0 |
| 39 | Total | 39 |

17. Related parties

The Chief Constable is required to disclose material transactions with related parties, i.e. 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:

| 2016/17 | | | 2017/18 | |
|---------|-------------|------------------|---------|-------------|
| Income | Expenditure | | Income | Expenditure |
| £'000 | £'000 | | £'000 | £'000 |
| 0 | 994 | Home Office | 0 | 602 |
| 0 | 5 | Welsh Government | 0 | 3 |

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 2017/18.

Senior Officers

There were no material transactions between the Chief Constable and Senior Officers, or parties related to them in 2017/18.

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:

| 2016/17 | | | 2017/18 | |
|---------|-------------|--------------------------------|---------|-------------|
| Income | Expenditure | | Income | Expenditure |
| £'000 | £'000 | | £'000 | £'000 |
| 0 | 4,808 | Carmarthenshire County Council | 0 | 304 |
| 0 | 149 | Ceredigion County Council | 0 | 0 |
| 0 | 283 | Pembrokeshire County Council | 0 | 35 |
| 0 | 155 | Powys County Council | 0 | 9 |

There has been a significant decrease between 2016/17 and 2017/18 as a result of the Estates function transferring from the Chief Constable to the Commissioner.

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

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

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

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

The Force terminated the contract of 1 employee during 2017/18, incurring costs of £47k. This was payable to the Director of Resources, in the form of payment in lieu of notice of £16k and enhanced pension benefits of £31k, as disclosed in Note 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 CARE (Career Average Revalued Earnings) 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 CARE (Career Average Revalued Earnings) 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 on the next page as an intra-group transfer:

| | Local Government Pension Scheme | | Police Pension Scheme | |
|---|---------------------------------|----------------|-----------------------|-----------------|
| | 2016/17 | 2017/18 | 2016/17 | 2017/18 |
| | £'000 | £'000 | £'000 | £'000 |
| Comprehensive Income and Expenditure Statement: | | | | |
| <i>Cost of services:</i> | | | | |
| • Current service cost | (4,139) | (6,745) | (16,484) | (28,048) |
| • Past service cost | 0 | (47) | 0 | 0 |
| • Other | (120) | (130) | 0 | 0 |
| <i>Financing and Investment Income and Expenditure:</i> | | | | |
| • Net interest cost | (969) | (938) | (34,944) | (32,736) |
| Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services | (5,228) | (7,860) | (51,428) | (60,784) |
| <i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:</i> | | | | |
| <i>Re-measurement of the net defined benefit liability comprising:</i> | | | | |
| • Return on plan assets (excluding the amount included in the net interest expense) | 19,987 | 1,241 | 0 | 0 |
| • Experience (gain)/loss | 6,603 | 0 | 0 | 53,017 |
| • Re-measurement gains and losses arising on changes in demographic assumptions | 1,743 | 7,669 | 0 | 50,973 |
| • Re-measurement gains and losses arising on changes in financial assumptions | (35,919) | 0 | (263,838) | 54,186 |
| Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement | (12,814) | 1,050 | (315,266) | 97,392 |
| Commissioning Costs (Intra-group transfer) | 12,814 | (1,050) | 315,266 | (97,392) |
| 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 | 0 | 0 |
| • Employers' contributions payable to scheme | 0 | 0 | 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 | |
|--|---------------------------------|-----------------|-----------------------|--------------------|
| | 2016/17 | 2017/18 | 2016/17 | 2017/18 |
| | £'000 | £'000 | £'000 | £'000 |
| Present value of the defined benefit obligation | (159,043) | (161,629) | (1,273,413) | (1,147,093) |
| Fair value of plan assets | 119,772 | 126,534 | 0 | 0 |
| Net liability arising from defined benefit obligation | (39,271) | (35,095) | (1,273,413) | (1,147,093) |

The total liability recorded in the Chief Constable's accounts is £1,182,591 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 | |
|--|---------------------------------|----------------|-----------------------|----------|
| | 2016/17 | 2017/18 | 2016/17 | 2017/18 |
| | £'000 | £'000 | £'000 | £'000 |
| Opening fair value of scheme assets | 94,376 | 119,772 | 0 | 0 |
| Interest income | 3,435 | 3,147 | 0 | 0 |
| Re-measurement gain / (loss) | | | | |
| • The return on plan assets, excluding the amount included in the net interest expense | 19,987 | 1,241 | 0 | 0 |
| Contributions from employer | 2,749 | 3,070 | 0 | 0 |
| Contributions from employees into the scheme | 1,298 | 1,408 | 0 | 0 |
| Benefits paid | (1,953) | (1,974) | 0 | 0 |
| Other (if applicable) | (120) | (130) | 0 | 0 |
| Closing fair value of scheme assets | 119,772 | 126,534 | 0 | 0 |

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

| | Funded Liabilities: Local Government Pension Scheme | | Unfunded Liabilities: Police Pension Scheme | |
|--|---|------------------|---|--------------------|
| | 2016/17 | 2017/18 | 2016/17 | 2017/18 |
| | £'000 | £'000 | £'000 | £'000 |
| Opening Balance at 1 st April: | (123,284) | (159,043) | (982,911) | (1,273,413) |
| Current service cost | (4,236) | (7,050) | (16,484) | (28,048) |
| Interest cost | (4,427) | (4,127) | (34,944) | (32,736) |
| Contributions from scheme participants | (1,298) | (1,408) | (5,771) | (5,854) |
| Actuarial gains and (losses) | | | | |
| • Actuarial gains / losses arising from changes in demographic assumptions | 1,743 | 0 | 0 | 53,017 |
| • Actuarial gains / losses arising from changes in financial assumptions | (36,097) | 8,072 | (263,838) | 50,973 |
| • Other (if applicable) | 6,803 | 0 | 0 | 54,186 |
| Past service cost | 0 | (5) | 0 | 0 |
| Losses / (gains) on curtailment (where relevant) | 0 | (42) | 0 | 0 |
| Benefits Paid | 1,953 | 1,974 | 30,535 | 34,782 |
| Closing balance at 31st March | (159,043) | (161,629) | (1,273,413) | (1,147,093) |

Local Government Pension Scheme assets comprised:

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

Basis for estimating Assets and Liabilities

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

Both the LGPS and Police Officer pension scheme liabilities have been estimated by Mercer Human Resource Consulting, an independent firm of actuaries, estimates for the LGPS Fund being based on the latest full valuation of the scheme as at 31 March 2017.

The significant assumptions used by the actuary have been:

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

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

The sensitivity analyses below have been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

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

Impact on the Group's Cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Group has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 3 years. The triennial valuation was completed on 31st March 2017 and details of the future employers' rates are shown below:

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

21. Contingent Liabilities

Police Pension Legal Challenge - Career Average Revalued Earnings

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

Potential claims for overpaid pension contributions

Police Officers who have accrued 30 years' service are entitled to opt out from the Pension Scheme. This only applies to officers who are members of the 1987 pension scheme. There is the potential that some officers may claim that they have overpaid pension contributions and as such, they might be entitled to make a claim. No claims have been submitted to date and it would be difficult to provide a reliable estimate for such costs at this point in time. We have estimated that there would be a maximum of 7 Dyfed-Powys Police Officers affected.

Undercover Policing Inquiry

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

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

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

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

Dedicated Source Handling Unit On-Call Allowance Claims

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

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

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

22. 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.

Bad Debt Provision is calculated on a Group Level as the Chief Constable does not hold provisions. These figures are therefore for information only.

| Group Gross Debtors £'000 | Bad Debt Provision for the Group 2017/18 £'000 | Bad Debt Provision for 2017/18 as a % of Group Trade Debtors |
|--------------------------------------|---|---|
| 1,596 | 38 | 2.38 |

Glossary of Terms

| Term | Definition |
|-------------------------------------|---|
| 2017/18 | This refers to the period covered by these accounts – 1 April 2017 to 31 March 2018. |
| 2016/17 | This refers to the period covered by these accounts - 1 April 2016 to 31 March 2017. |
| Accounting policies | These are a set of rules and codes of practice the used when preparing the accounts. |
| Actuarial gains and losses | For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because: <ul style="list-style-type: none"> • Events have not coincided with the actuarial assumptions made in the last valuation ;or • The actuarial assumptions have changed. |
| 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. |
| Consumer Price Index (CPI) | Official measure of the general level of inflation as reflected in the retail price of goods and services – excludes mortgage interest payments, council tax and other housing costs. |
| Contingent liabilities | These exist where: <ul style="list-style-type: none"> • a possible obligation arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisations control; or • a present obligation arises from past events but is not recognised because: <ol style="list-style-type: none"> i. it is not probable that a transfer of economic benefits will be required to settle the obligation, or ii. the amount of the obligation cannot be measured with sufficient reliability. |
| Corporate and democratic core costs | These represent the costs of delivering public accountability and representation in policy-making and meeting the Commissioner's statutory reporting obligations. |
| Corporation sole | A corporation sole is a legal entity consisting of a single ("sole") incorporated office, occupied by a single ("sole") man or woman i.e. the Commissioner and Chief Constable are both corporations sole under the PRSRA. |
| Current assets | Current assets are items that can be readily converted into cash. By convention the items are ordered by reference to the ease that such conversion into cash can be carried out. |

| Term | Definition |
|--|---|
| 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. |
| 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. |
| 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. |

| Term | Definition |
|---|--|
| 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. |
| 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 |
| Prudential borrowing | Borrowing by local authorities without government financial support, but in accordance with the CIPFA prudential code of local authority borrowing |
| 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. |

