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# **The Chief Constable for Wiltshire**

## **Statement of Accounts**



2013/2014

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## **Explanatory Foreword**

The Chief Constable for Wiltshire Police is required to publish an Annual Statement of Accounts. The Statement is presented in a format which complies with International Financial Reporting Standards (IFRS), the Code of Practice on Local Authority Accounting 2013/14, the Service Reporting Code of Practice 2013/14 and the Accounts and Audit Regulations 2011.

The accounts, which follow, show the Chief Constable's (CC) financial results for 2012/13. Comparative figures for 2012/13 are also shown. The Chief Constable for Wiltshire is part of the Police and Crime Commissioner for Wiltshire's Group; to get a full understanding of Wiltshire Police as a whole these accounts should be viewed alongside the Group Statement of Accounts (published separately).

The Statement of Accounts also reflect the local arrangements in place for Wiltshire Police and the guidance and regulations provided through the Police Reform and Social Responsibility Act 2011, the Financial Management Code of Practice for the Police Service 2012, Financial Regulations for the Police and Crime Commissioner for Wiltshire's Group and the scheme of delegation between Police and Crime Commissioner and the Chief Constable.

### **The New Office for the Police and Crime Commissioner for Wiltshire and the Chief Constable for Wiltshire Police.**

Following the Police Reform and Social Responsibility Act 2011, the Wiltshire Police Authority was replaced on 22<sup>nd</sup> November 2012 with the Office of the Police and Crime Commissioner for Wiltshire (OPCC) and the Chief Constable for Wiltshire (CC) as two separate legal entities (corporations sole).

The first elections for the Police and Crime Commissioner took place in November 2012 and following these elections all staff, property, rights and liabilities transferred to the ownership of the Police and Crime Commissioner and the Wiltshire Police Authority was abolished. A second stage transfer took place on 31 March 2014 to transfer relevant staff and assets to the Chief Constable.

These phased transfers are of a legal consideration and for accounting purposes the concept 'substance over form' requires that the economic substance of transactions and events must be recorded in the financial statements rather than just their legal form in order to present a true and fair view of the affairs of the entity. Because substance over form was applied to the accounts in 2012/13 and the stage two transfers are of a legal form there is no change to financial arrangements between the Chief Constable and Police and Crime Commissioner for 2013/14. These accounts are produced in line with this concept and present the entity's financial position as set out in its financial regulations, scheme of delegations and other local arrangements.

The Chief Constable has full operational control of Officers and staff with the exception of the OPCC staff and the related costs are disclosed in the Chief's Comprehensive Income and Expenditure Statement (CIES). The Police and Crime Commissioner has strategic control of all assets and liabilities and is responsible for establishing reserves and controlling all Cashflow. Due to this there are no balances or transactions recognised in the Chief Constable's Movement in Reserves Statement or Cashflow Statement.

Although the Police and Crime Commissioner is responsible for all assets and liabilities, in order to comply with accounting and audit requirements, the pension liabilities are required to be disclosed in the Chief Constable's Balance Sheet. This is balanced with a long term pension debtor of equivalent value to the pension liability to recognise the fact that the Police and Crime Commissioner has ultimate responsibility for these long term liabilities. The Chief Constable's net assets/liabilities will always balance to zero. To represent the Chief Constable's use of the PCC's assets, there is a

£13.3m charge to the CC which is equivalent to the running costs and capital financing incurred by the PCC. This charge is recognised in the Comprehensive Income and Expenditure Statements.

In the CIES, the financial resources consumed at the request of the Chief Constable are offset by an intra-group adjustment to reflect the Commissioner's funding of these resources.

The main features of the accounts are:

- **The Annual Governance Statement** – gives an assessment of internal control procedures.
- **The Statement of Accounting Policies** – explains the basis of the figures in the accounts.
- **The Comprehensive Income and Expenditure Statement** – summarises the income and expenditure on all services and brings together all the recognised gains and losses of the Chief Constable in the year.
- **The Movement in Reserves Statement** – shows the movement in the year on the different reserves held by the Chief Constable; the Chief Constable does not manage any of these reserves and accordingly there is no movement shown in this statement.
- **The Balance Sheet** – sets out the financial position of the Chief Constable at 31 March 2014.
- **The Cash Flow Statement** – consolidates the total movement of the Chief Constable's funds. All Bank accounts, investments and other funds are held and managed by the Police and Crime Commissioner for Wiltshire; the Chief Constable's Cash Flow Statement has no movement.
- **The Police Pensions Fund Account** – summarises Pensions movements for the year. The Chief Constable is responsible for administering and maintaining the Pension Funds.

## Financial Position

All income is receipted into Bank accounts maintained by the Police and Crime Commissioner for Wiltshire. The transactions in the accounts of the Chief Constable are financed with an intra Group adjustment between the Chief's Comprehensive Income and Expenditure Statement (CIES) and the CIES of the Police and Crime Commissioner for Wiltshire.

The total amount of the Chief Constable's net cost of policing funded by an intra Group adjustment for 2013/14 was £128.783 million.

## Pensions

Liabilities exist for Police Officers who have or are currently contributing funds towards a future pension. The Police Officers Pension scheme is an unfunded scheme. The scheme rules of funding result in Police Forces paying 24.2% of Police pay as a pension contribution. Any variation, over or under, e.g. variation from pensions actually paid, is financed by an increased or reduced specific pensions grant. Support Staff pensions are financed through a funded scheme.

## Future Finances

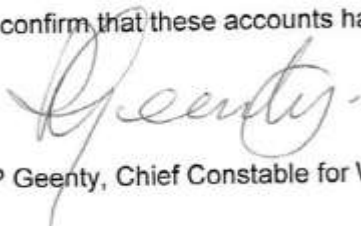
Medium-term strategic plans were reported to the Commissioner's Monitoring Board on 15 October 2013. These identified a shortfall of £11.575m between 2014/15 and 2016/17. These shortfalls are due to the Government cuts being applied to all Police Forces and will change when the actual funding for 2015/16 is announced in 2014.

## Statement of Responsibilities for the Statement of Accounts

The Chief Constable is required:

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

I confirm that these accounts have my approval.



P Geenty, Chief Constable for Wiltshire Police

Date: 18 September 2014

### The Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the Chief Constable's Statement of Accounts in accordance with proper practice as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom ( " the Code of Practice " ).

In preparing the statement of accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code.

The Chief Finance Officer has also:

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

I certify that I believe the Statement of Accounts presents a true and fair view of the financial position of the authority as at 31 March 2014 and its income and expenditure for the year ended 31 March 2014. Events that have occurred after the balance sheet date have been considered to the date of approval.



C. Barker  
Chief Finance Officer

Date: 18 September 2014

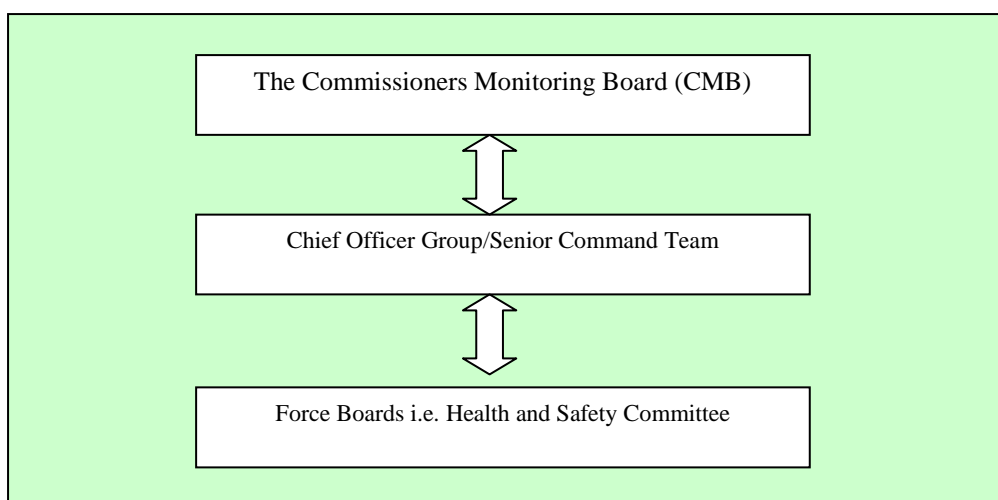
For further information concerning any items contained in this Statement, please write to Chief Finance Officer, Police HQ, London Rd, Devizes, Wiltshire, SN10 2DN, or telephone (01380) 734023.

PCC's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically. The governance framework has been in place for the year ended 2013-14 and includes any significant events or developments relating to the governance system that occur up to the date on which the Statement of Accounts was approved.

### 3. THE GOVERNANCE FRAMEWORK

Although the Chief Constable is responsible for operational policing matters, the PCC is required to hold him to account for the exercise of those functions and those of the persons under his direction and control. It therefore follows that the PCC must satisfy itself that the Force has appropriate management mechanisms in place, and that these operate in practice.

The overarching structure of governance is shown in the illustration below.



The principal areas that comprise the governance framework are:

- The Commissioners Monitoring Board
- The Independent Audit Committee
- Compliance with Financial and Standing Orders
- Performance Reporting
- Risk Management
- Professional Standards

The **Commissioners Monitoring Board (CMB)** is key in ensuring strong governance. The Board receives reports on performance, risk, and finance. This ensures the PCC is aware of current risks and issues and reviews areas and calls for reports. These reports do not stray into areas where the Chief Constable is operationally independent. CMB is attended by the PCC, the PCC's Chief Executive and all Force Chief Officers including the joint Chief Finance Officer. In addition to this the CC's Head of Performance meets bi-weekly with the PCC to discuss progress.

The **Independent Audit Committee's** statement of purpose is to provide independent assurance on the adequacy of the corporate governance and risk management arrangements in place and the associated control environment, advising according to good governance principles and proper practices. This committee has 5 independent members and is attended by External Audit, Internal Audit and the Chief Financial Officer.

The Internal Budget Book identifies the authority to spend and the responsibilities of a Budget Holder. As well as setting up the framework of Budgetary Control, the Budget Book also advises staff on procurement, identifying the process to be followed for different types of goods and services within **Financial Regulations and standing orders** setting the framework for lawful expenditure, delegation and achieving value for money financial thresholds.

The Budget Book is the framework set by the Chief Finance Officer to ensure all purchases are in line with delivering police and crime service and that Value for Money is achieved. The PCC and Chief Constable share a Chief Finance Officer; this enables clear messages to be given on control procedures and ensures strategic leadership surrounding future financial planning. To date no conflict has incurred due to the one person reporting to two principals however the possibility of this had been considered and a resolution process provided for in the latest financial regulations. It is important to note that the CC's financial management arrangements conform with the governance requirements of the CIPFA Statement on the role of the Chief Finance Officer in Local Government (2010) as set out in the Application Note to Delivering Good Governance in Local Government: Framework

In Force performance is communicated via screensavers, large performance charts and Chief Constable blogs. Monthly **performance reporting occurs** at the Strategic Improvement Board. This board chaired by the Deputy Chief Constable receives updates on priority items and exception reports. The Senior Command Team meeting and CMB are referred to in exceptional circumstances

**Risk Management** continues to have a high profile. Each department and major project is expected to have an up to date Risk Register. Significant Risks are managed upwards towards the CC's Risk Register which is reviewed monthly by the Senior Command Team and CMB

A Risk Management Strategy and Policy is in place. This identifies a need to take risks in obtaining our goals but also a requirement to manage them well. The published Practitioner's Guide helps managers across the force understand the process and what is expected from them. The guide recommends a 5 step approach to reduce vulnerability to risk. This is summarised as:

- Identify – the most significant risks that could affect the service
- Assess – agree ownership and response to the risk
- Respond – taking action (if assessment deems that appropriate)
- Monitor and Review – observe and update risk score post action
- Report – using risk registers and reporting structures (determined by WPA)

As part of the Governance framework, a section on risk is included in each paper presented to CMB.

The **Professional Standards** Department is an essential part of the Governance Framework facilitating whistle blowing via anonymous reporting and investigating complaints. The Professional Standards intranet site holds the code of conduct for staff and policy on complaints. An Ethics, Standards and Culture Board has also been introduced which will introduce another control point.

#### 4. REVIEW OF EFFECTIVENESS

The CC conducts annually a review of the effectiveness of the governance framework. Assurance that the control environment is working is obtained in the following manner:

**Performance Reporting;** The Balanced Scorecard gives the CC a clear view of performance against strategic priorities agreed at the start of the year. The outcome for 2013-14 as reported in the Chief Constable's Year end report was;

Key Performance Outcomes	
Measure	YTD
Victim Satisfaction	+3.4%
Public Confidence	-3.2%
Reduce Crime	+3.3%
Reduce ASB	-0.1%
Resolution of Crime	-14.2%

This reports good performance in 2 areas, fair performance in 2 and poor performance in 1.

The resolution of crime rate from 2013-14 was 28.7% this is against a threshold of 32.5%. This issue has been identified throughout the year and the reasoning for missing the threshold discussed. The Force are reacting to this by discussing the way they use Out of Court settlements and the introduction of another role to ensure policy and procedure is adhered to.

In delivering the Strategic Priorities the overall assessment is fair.

The focus on performance in the governance framework has led to a good control environment. Weekly reports are sent to all members of the Senior Command Team to ensure timeliness. On a monthly basis an overarching report is produced and presented at the Strategic Improvement Board this shows effective control exists.

By using HMIC's Value for Money profiles the Chief Constable has been able to review the business and identify areas where the organisations costs are higher or lower than other forces. The service leads for all areas have been reviewed and reports produced on their position when compared to other forces. This increases the profile of costs and ensures opportunities to learn from peers are obtained. This is an effective approach which alongside the guidance in the Budget Book ensures that Value for Money is achieved.

**Internal Audit** – The PCC has a contract with Tribal Business Assurance to provide an internal audit service. In 2013-14, 90 days of audit were planned and delivered covering 15 areas. For each audit a report is produced and provided to the Treasurer and the Force. A summary of the evaluation and recommendations suggested is provided to the Audit Committee. The evaluation system is as follows;

- Substantial Assurance – Robust series of controls which should ensure continuous and effective achievement of the control environment.
- Reasonable Assurance – Reasonable number of controls in place - however may not be operated all the time.
- Limited Assurance – The controls in place are not sufficient to ensure the continuous and effective achievement of the control environment
- No Assurance – Fundamental breakdown or absence of core internal controls.

Asset Management has received a no assurance level. Whilst significant improvements have been made during the year process issues still exist. To help improve the system force wide messages has been sent out and the need for improvement agreed at both SCT and CMB meetings. Work surrounding this remains on-going.

A Limited assurance audit was received surrounding the property arrangements for found and seized items. A significant management action plan has been implemented in the area. It is expected that the follow up review will result in an improved assurance rating. The May 2013 review of ICT disaster recovery also received limited assurance. Later in 2013 and early 2014 individual plans have been tested and found to be resilient however there remains a requirement to pull these plans together into one up to date Business Recovery Plan.

The remaining audits all achieved an assurance level of substantial or reasonable suggesting an effective control environment

**External Audit** - In January 2013 Grant Thornton were appointed as External Auditors to the PCC. This statement relies on the findings reported by Grant Thornton to the Independent Audit Committee and the Notice of Certification of Completion of the Annual Audit, both provided in September 2013. These identified:

- Statement of Accounts – An unqualified opinion.
- Securing value for money – An unqualified conclusion.
- No requirement to publish a public interest report

Risk continues to be managed in a visible, transparent manner. Risk registers are held by all departments and divisions and are regularly reviewed. All major projects are expected to maintain risk registers and manage them actively.



## 5. SIGNIFICANT GOVERNANCE ISSUES

The CC has identified the following significant governance issues;

No.	Issue	Progress
1.	<p><b>Partnership Working</b>                      The strategic alliance with Wiltshire Council will create a level of uncertainty which may result in service issues impacting performance and productivity. The PCC and Chief Constable also wish to progress other collaboration opportunities, for instance with other police forces. At times there will be conflict surrounding which partners we should be working with. There is also a risk that the expected financial savings from the alliance are not delivered.</p>	<p>The PCC and the Chief Constable are aware of the risk. Careful management of change with the inclusion of staffing associations is seen as critical. We are working with Wiltshire Council to understand how we can deliver a good service level at reduced costs. Ensuring staff associations are involved as appropriate.</p> <p>The PCC and Chief Constable acknowledge the risk of possible conflict when choosing which partner is best for the public of Wiltshire. By being open and transparent with all partners, following the strategic objectives, the majority of problems can be avoided.</p>

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

18<sup>th</sup> September 2014

Signed



Chief Constable of Wiltshire Police Force



Chief Financial Officer of the CC

## **INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE FOR WILTSHIRE**

### **Opinion on the financial statements**

We have audited the financial statements of the Chief Constable for Wiltshire for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes and include the police pension fund financial statements comprising the Fund Account, the Net Assets Statement and the related note. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

This report is made solely to the Chief Constable for Wiltshire in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Chief Finance Officer and auditor**

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Chief Constable's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword 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 us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

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

### **Opinion on other matters**

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we report by exception**

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Chief Constable to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

## **Conclusion on the Chief Constable's arrangements for securing economy, efficiency and effectiveness in the use of resources**

### ***Respective responsibilities of the Chief Constable and the auditor***

The **Chief Constable** is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the **Chief Constable** has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the **Chief Constable** has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the **Chief Constable's** arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### ***Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources***

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2013, as to whether the **Chief Constable** has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the **Chief Constable** put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the **Chief Constable** had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

### ***Conclusion***

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, we are satisfied that, in all significant respects, *Chief Constable for Wiltshire* put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

### ***Certificate***

We certify that we have completed the audit of the financial statements of the Chief Constable for Wiltshire in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Simon Garlick  
Director for and on behalf of Grant Thornton UK LLP, Appointed Auditor  
Hartwell House | 55-61 Victoria Street | Bristol | BS1 6FT

September 2014

## Comprehensive Income and Expenditure Statement for the Chief Constable of Wiltshire Police 2013/14

It should be noted that to represent the Chief Constable's use of the PCC's assets, there is a charge to the CC which is equivalent to the running costs and capital financing incurred by the PCC. This charge increases the CC's gross expenditure by £13.3m. All income is recognised in the PCC's net cost of services.

Restated Net Expenditure 2012/13 £'000		Gross Expenditure 2013/14 £'000	Gross Income 2013/14 £'000	Net Expenditure 2013/14 £'000
	See also Note 3			
44,021	Local policing	47,396		47,396
10,390	Dealing with the public	10,246		10,246
12,420	Criminal Justice Arrangements	11,365		11,365
6,733	Road policing	6,465		6,465
8,615	Operational Support	8,430		8,430
6,407	Intelligence	5,395		5,395
28,730	Investigations	28,712		28,712
4,293	Investigative Support	3,790		3,790
5,626	National Policing	5,479		5,479
664	Corporate & Democratic Core	1,007		1,007
289	NDC - Injury Payments	421		421
41	NDC - Pensions Curtailment			
	Note 9			
-1,700	Pension Past Service Cost	77		77
	Note 9			
<b>126,529</b>	<b>Net Cost of Police Services before intra group funding</b>			<b>128,783</b>
-126,529	Intra Group Funding			-128,783
	<b>Net Cost of Police Services</b>			
37,415	Pension Net Interest			41,391
	Note 9			
-37,415	Intra Group Funding (Pension Net Interest)			-41,391
	Note 9			
	<b>(Surplus)/Deficit on the Provision of Services</b>			
103,994	Actuarial loss on pensions			57,773
	Note 9			
-103,994	Intra Group Funding (actuarial loss on pensions)			-57,773
	Note 9			
	<b>Other Comprehensive Income and Expenditure</b>			
	<b>Total Comprehensive Income and Expenditure</b>			

**Movement in Reserves Statement 2013/14**

	General Fund	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
All reserves are managed by the Police and Crime Commissioner for Wiltshire; the Chief Constable has no transactions or balances to disclose here.						
<b>Balance as at 31 March 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in reserves during 2012/13</b>						
Surplus/(Deficit) on provision of services	0	0	0	0	0	0
Other Comprehensive Income and Expenditure	0	0	0	0	0	0
<b>Total Comprehensive Income and Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Adjustments between accounting basis and funding basis under regulations	0	0	0	0	0	0
<b>Net increase/decrease before transfers to earmarked reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Transfers to/from other Earmarked Reserves	0	0	0	0	0	0
<b>Increase/(Decrease) in 2013/14</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance as at 31 March 2014</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Movement in Reserves Statement 2012/13**

<b>Restated</b>	<b>General Fund</b>	<b>Earmarked Reserves</b>	<b>Capital Receipts Reserve</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Reserves</b>
	£'000	£'000	£'000	£'000	£'000	£'000
All reserves are managed by the Police and Crime Commissioner for Wiltshire; the Chief Constable has no transactions or balances to disclose here.						
<b>Balance as at 31 March 2012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in reserves during 2012/13</b>						
Surplus/(Deficit) on provision of services	0	0	0	0	0	0
Other Comprehensive Income and Expenditure	0	0	0	0	0	0
<b>Total Comprehensive Income and Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Adjustments between accounting basis and funding basis under regulations	0	0	0	0	0	0
<b>Net increase/decrease before transfers to earmarked reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Transfers to/from other Earmarked Reserves	0	0	0	0	0	0
<b>Increase/(Decrease) in 2012/13</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance as at 31 March 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Balance Sheet for the Chief Constable of Wiltshire Police as at 31 March 2014**

31 March 2013 £000		31 March 2014	
		£000	£000
0	Property, Plant & Equipment	0	
0	Investment Property	0	
918,010	Long Term Debtor - Pensions	1,021,381	
<b>918,010</b>	<b>Total Long Term Assets</b>		<b>1,021,381</b>
0	Inventories	0	
0	Short Term Debtors	0	
0	Cash & Cash Equivalents	0	
0	Assets Held For Sale (under 1 yr)	0	
<b>0</b>	<b>Total Current Assets</b>		<b>0</b>
0	Short Term Creditors	0	
0	Provisions (under 1 yr)	0	
<b>0</b>	<b>Total Current Liabilities</b>		<b>0</b>
0	Finance Lease Liability	0	
-918,010	Liability Related to Defined Benefit Pensions Scheme.	-1,021,381	
<b>-918,010</b>	<b>Total Long Term Liabilities</b>		<b>-1,021,381</b>
<b>0</b>	<b>Total Net Assets</b>		<b>0</b>
<b>0</b>	<b>Usable Reserves</b>		<b>0</b>
<b>0</b>	<b>Unusable Reserves</b>		<b>0</b>
<b>0</b>	<b>Total Reserves</b>		<b>0</b>

Although the Police and Crime Commissioner is responsible for all assets and liabilities, in order to comply with accounting and audit requirements, the pension liabilities are required to be disclosed in the Chief Constable's Balance Sheet. This is balanced with a long term pension debtor of equivalent value to the pension liability to recognise the fact that the Police and Crime Commissioner has ultimate responsibility for these long term liabilities. The Chief Constable's net assets/liabilities will always balance to zero.

## Cash Flow Statement

2012/13 £000		2013/14 £000
	<b><u>Operating Activities</u></b>	
0	Taxation	0
0	Non Domestic Rates	0
0	Revenue Support Grant	0
0	Police Main Grant	0
0	Cash Received for Goods and Services	0
0	Interest Received	0
0	Cash Inflows Generated from Operating Activities	0
0	Cash Paid to and on behalf of Employees	0
0	Cash Paid for Goods and Services	0
0	Interest Paid	0
0	Cash Outflows from Operating Activities	0
<b>0</b>	<b>Net Cash Flows from Operating Activities</b>	<b>0</b>
	<b><u>Investing Activities</u></b>	
0	Purchase of Non-Current Assets	0
0	Proceeds from Sale of Non-Current Assets	0
0	Other Receipts from Investing Activities	0
<b>0</b>	<b>Net Cash Flows from Investing Activities</b>	<b>0</b>
	<b><u>Financing Activities</u></b>	
0	Payments for the Reduction of Outstanding PFI Finance Liability	0
<b>0</b>	<b>Net Cash Flows from Financing Activities</b>	<b>0</b>
0	Net increase or decrease in cash & cash equivalents	0
0	Cash & cash equivalents at the beginning of the reporting period	0
<b>0</b>	<b>Cash &amp; cash equivalents at the end of the reporting period</b>	<b>0</b>

All Bank accounts, assets, liabilities, investments and reserves are managed by the Police and Crime Commissioner for Wiltshire; the Chief Constable for Wiltshire has no cash flows to report.



## Notes to accompany the Statements

### 1 Statement of Accounting Policies

#### 1.1 General Principles

The general principles adopted in compiling the accounts of the Chief Constable for Wiltshire Police are in accordance with the recommendations of The Chartered Institute of Public Finance and Accountancy (CIPFA). They accord with CIPFA's Code of Practice on Local Authority Accounting 2013/14, the Service Reporting Code of Practice 2013/14 and the Accounts and Audit Regulations 2011 and are based on the following hierarchy of standards:

- International Financial Reporting Standards (IFRSs) as adopted by the EU
- International Public Sector Accounting Standards (IPSASs)
- UK Generally Accepted Accounting Practice (GAAP) (Financial Reporting standards (FRSs), Statements of Standard Accounting Practice (SSAPs) and Urgent Issues Task Force (UITF) abstracts) as far as they are applicable. All are maintained on an historic cost basis. Any significant non-compliance is disclosed in the notes that follow.

These Accounting Policies also reflect the local arrangements in place for Wiltshire Police and the guidance and regulations provided through the Police Reform and Social Responsibility Act 2011, the Financial Management Code of Practice for the Police Service 2012, Financial Regulations for the Police and Crime Commissioner for Wiltshire Group and the scheme of delegation between the Police and Crime Commissioner and the Chief Constable.

#### 1.2 Accruals of Income and Expenditure

The Chief Constable's financial accounts are prepared on an accruals basis. Income and expenditure is inclusive of future obligations to pay cash for benefits already received by the CC for Wiltshire and cash to be received in the future for benefits already provided by the CC for Wiltshire.

Where actual amounts due are not known at the end of April, estimated amounts have been included in the accounts.

#### 1.3 Accounting Principles

The accounts for 2013/14 comply with normal accounting principles surrounding relevance, reliability, comparability and understandability. The accounts are also prepared on the basis that the organisation is a going concern.

#### 1.4 Provisions

The CC for Wiltshire has a policy to create a provision relating to a liability or loss that is likely to be incurred but there is uncertainty as to the size and timing of the liability. Its purpose is specific and will be charged to the revenue account where the expenditure would be incurred. Adjustments are made in the accounts for any bad or doubtful debts. There are no provision transactions in the Chief Constable's accounts.

## 1.5 Employee Benefits

### Benefits payable during employment

Authorities are required to account for employee benefits in the period that they are earned by employees.

Wiltshire Police operates a flexi leave system and has a policy that allows employees to carry over a maximum of 5 days annual leave and 11 hours flexi leave. The flexi leave is run as a manual records system and is not cost effective to collect the data; therefore no flexi leave accrual has been posted for 2013/14 due to the immaterial value. For example the flexi leave accrual for 2010/11 was £128k.

Time off in Lieu (TOIL) and annual leave are recorded on an electronic system and the result is that the Group has a £0.325 million accrual for employee leave entitlements carried over at 31 March 2014.

For 2013/14 there is a £0.597 million decrease in the net cost of services where the accrual has decreased from £0.922 million in 2012/13, this is reversed out in the Movement in Reserves Statement so as to avoid any impact on Council Tax.

### Termination benefits

Redundancy payments allowed by Wiltshire Police are based upon actual weekly salary, calculated in the manner prescribed by legislation. The legislation also dictates that a maximum of 20 years service may be counted. Only completed years of service at the time of the redundancy will count. Within those parameters, the payments are calculated on the following basis:

For each year of service aged 18 to 21 - half a week's pay

For each year of service aged 22 to 40 - one week's pay

For each year of service aged 41 to 65 - one and a half week's pay

### Post employment benefits

#### Pensions (Police Officers)

The Police Officers' Pension Scheme is a defined benefit unfunded scheme. Funding rules are in place which results in Police Forces paying 24.2% of Police pay as a pension contribution. Any variation, e.g. variation from pensions actually paid, over or under, is financed by an increased or reduced specific pensions grant. To this purpose a Pensions Fund Account has been created.

#### Pensions (Support Staff)

The pension scheme available for police staff within Wiltshire Police is administered by Wiltshire Council on behalf of Local Authority employees in Wiltshire. The assets of the fund are held separately from those of the County Council. The accounts of the Pension Fund are detailed in the Wiltshire Council Statement of Accounts.

The pension costs that are charged to the Chief Constable for Wiltshire's accounts in respect of its employees are the service cost identified by the actuarial valuation for the period. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. Employer's pension contributions of 13.6% of pay are paid into the fund by the CC for Wiltshire.

In accordance with CIPFA guidelines the liability under IAS 19 for both Police Officer and Support Staff pensions must be included within the Comprehensive Income and Expenditure Statement (CIES) and the Balance Sheet. The cost of service is shown within the CIES of the Chief Constable and is balanced with an intra Group adjustment to the Police and Crime Commissioner for Wiltshire's accounts.

Changes to the Local Government Pension Scheme allow for members to take larger lump sum payments in return for a reduced annual pension. It is expected that this will reduce the liability of the Authority. However the actuary currently considers it impossible to estimate the number of members who may take this option and its effect on the finances of the Authority. Based on the prudence accounting concept zero take up has been assumed, therefore, no reduction in liability has been included in the balance sheet of the Authority.

Recent changes to IAS19 have resulted in the interest cost and expected return on assets components being combined into a net figure in the net cost of services. In effect this means that the expected return has been replaced by a figure that would be applicable if the expected return on assets assumption was equal to the discount rate. The effect on prior periods (2012/13) is a £523k increase in deficit on the provision of services and a £523k reduction in the loss on pension assets and liabilities in the Comprehensive Income and Expenditure Statement (CIES). The impact on the CIES deficit is reversed out in the Group Movement in Reserves Statement meaning there is no impact on the Balance sheet of the Group and no impact on the requirement for Council Tax.

## **1.6 Leases**

Where a lease transfers substantially all the risks and rewards of ownership of an asset to the lessee it is classified as a finance lease. Leases that do not meet this definition are operating leases. Operating lease rentals are charged direct to the Comprehensive Income and Expenditure Statement as a cost to the services benefitting from their use.

## **1.7 VAT**

Value-Added Tax is separately accounted for in accordance with the Statement of Standard Accounting Practice (SSAP) 5 and is not included as income or expenditure of the Authority except where it is not recoverable. The Police and Crime Commissioner successfully registered for Group VAT during 2013/14 and oversees all VAT matters on behalf of the Police and Crime Commissioner and the Chief Constable.

## **1.8 Post Balance Sheet Events**

Where a material post balance sheet event occurs the Chief Constable has a policy to identify that in the statement of accounts.

## **2 Assumptions Made About the 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 for Wiltshire about the future or that are otherwise uncertain. Estimates are made based on 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.

For 2013/14 the Balance Sheet contains an item for which there is a significant risk of material adjustment in the forthcoming financial year; the Pensions Liability.

Estimation of the net liability to pay pensions is reliant on a number of complex judgements relating to the discount rate used, the rate of increase in salary, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the organisation with expert advice about the assumptions to be applied. Further information can be found in the pensions note to the accounts.

### 3 Service Expenditure Analysis

The Service Expenditure can be analysed in more than one way. The stated SERCOP format is a statutory requirement and requires the majority of costs to be split over service areas. Another way of showing the accounts is with a subjective analysis which categorises costs by type; this is not a statutory requirement but a more traditional way of stating the accounts. The subjective Analysis is shown below.

#### Subjective Expenditure Analysis

Restated Net Spending 2012/13 £000		Net Spending 2013/14 £000
47,637	Police Pay and allowances	46,660
31,847	Staff Pay and allowances	31,807
1,305	Other employee expenses	770
20,500	Officer pensions	24,200
	Premises	
311	Transport	314
10,059	Supplies and Services	9,744
1,804	Third Party Payments	1,507
	Capital Finances	
14,436	Intra Group Adjustment for use of Assets*	13,283
-1,370	Non-distributed costs	498
<b>126,529</b>	<b>Total Financial Resources Consumed at request of Chief Constable</b>	<b>128,783</b>
-126,529	Intra Group Adjustment	-128,783
	<b>Net Cost of Services</b>	
37,415	Pension Net Interest	41,391
<b>-37,415</b>	<b>Intra Group Funding (Pension interest cost &amp; expected return on assets)</b>	<b>-41,391</b>
	<b>Total (Surplus)/Deficit on the Provision of Services</b>	

\* It should be noted that £13.3m is recharged to the Chief Constable for use of the vehicle and property assets. This charge is equivalent to the running costs and capital financing incurred by the Police and Crime Commissioner.

#### 4 Remuneration of Staff

The Chief Constable for Wiltshire is required to disclose the number of employees whose annual remuneration, excluding pension payments, exceeds £50,000. Remuneration for these purposes includes all sums paid to or received by an employee, expense allowances and the money value of any other benefits received other than cash. The number of employees within £5,000 bands is as follows:

Payment Band £	Number of Employees 2012/13	Number of Employees 2013/14
50,000 - 54,999	62	40
55,000 – 59,999	49	42
60,000 – 64,999	11	13
65,000 – 69,999	7	5
70,000 – 74,999	2	4
75,000 – 79,999	7	6
80,000 – 84,999	1	1
85,000 – 89,999	1	3
90,000 – 94,999	1	
95,000 – 99,999		
100,000 – 104,999	1	
105,000 – 109,999	1	1
110,000 – 114,999	1	
115,000 – 119,999		
120,000 – 124,999	1	1
125,000 – 129,999		
145,000 – 149,999		
150,000 – 154,999	1	
155,000 – 159,999		1
<b>Total</b>	<b>146</b>	<b>117</b>

The above disclosure contains details for all staff and all officers whose remunerations, excluding pensions, exceeds £50,000. 14 of the officers included for 2013/14 were seconded out to other Forces or Government organisations as at 31 March 2014.

The code of practice requires disclosure of individual remunerations for Senior Officers and Relevant Police Officers, the following tables contain the details for 2013/14 and comparative information from 2012/13. Senior Officers are included in the above banding as well as the following individual disclosures.

Members of ACPO have a vehicle allowance of £6,122 per year and the Chief Constable has £9,183 per year. This can be paid in the form of a lease car or within their salary. Those that have opted for the salary option have this payment included in the salary column of the remunerations. During 2013/14 Clive Barker was in the role of Chief Finance Officer for both the Chief Constable and the Police and Crime Commissioner.

**Senior Officer Remunerations 2013/14**

Post Holder Information	Name	Salary (including fees & Allowances)	Bonuses	Expenses	compensation for loss of office	Benefits in Kind	Total Remuneration excluding pension contributions 2013/14	Pension Contributions	Total Remuneration including pension contributions 2013/14
Chief Constable	P. Geenty	144,799		335		10,902	<b>156,036</b>	0	<b>156,036</b>
Deputy Chief Constable	M. Veale	116,085		411		7,652	<b>124,148</b>	26,722	<b>150,870</b>
Assistant Chief Constable	A. Tatam	100,187		861		7,709	<b>108,757</b>	22,811	<b>131,568</b>
Chief Finance Officer	C. Barker	82,274		494		4,639	<b>87,407</b>	11,189	<b>98,596</b>

**Senior Officer Remunerations 2012/13**

Post Holder Information	Name	Salary (including fees & Allowances)	Bonuses	Expenses	compensation for loss of office	Benefits in Kind	Total Remuneration excluding pension contributions 2012/13	Pension Contributions	Total Remuneration including pension contributions 2012/13
Chief Constable	B. Moore	90,998					<b>90,998</b>		<b>90,998</b>
Chief Constable	P. Geenty	144,022		602		7,211	<b>151,835</b>	26,835	<b>178,670</b>
Deputy Chief Constable	M. Veale	115,444		426		5,765	<b>121,635</b>	26,567	<b>148,202</b>
Temp/Assistant Chief Constable	S. Hedley	98,359		579		7,509	<b>106,447</b>	22,354	<b>128,801</b>
Director of Resources	M. Bennion-Pedley	109,143		846		317	<b>110,306</b>	13,933	<b>124,239</b>
Chief Finance Officer	C. Barker	72,849		108		4,448	<b>77,405</b>	9,907	<b>87,312</b>

## 5 Related Parties

In accordance with the Code of Practice and IAS 24 the Chief Constable for Wiltshire is required to state any material transactions with related parties. For 2013/14, no material transactions were declared by key management personnel.

However, during 2013/14, Senior Officers held seats on the boards and committees of Wiltshire Council (WC), Splash and Bobby Van.

Splash is a registered charity that runs activities such as sports, arts, wildlife, food, drama and dance primarily for 'vulnerable' young people 9 - 16 years during the summer and school holidays. Bobby Van is also a registered charity and works to ensure that elderly, vulnerable or disadvantaged people in the community are given the support they need. £37k was received from Splash and £90k from Bobby Van for services provided during 2013/2014. Splash received Innovation funding from the Police and Crime Commissioner totalling £38k during the year.

Wiltshire Police have entered a strategic alliance with Wiltshire Council to look at new ways of working with a joint approach. The changes to date have involved areas of shared services and result in increased payments to Wiltshire Council where the Council have covered initial costs.

In 2013/14, on an accruals basis:

WC was paid £3,158k for provision of services to the Police and Crime Commissioner's Group and £62k was received from WC for services provided by the Group. These figures do not include amounts paid into the pension funds administered by WC, £18k was paid to WC for administering the police pension fund for the period up to June 2013; this is now administered by Capita.

The Police Constable for Wiltshire Police is part of the Police and Crime Commissioner for Wiltshire's Group and as such the Police and Crime Commissioner has significant influence over the Chief Constable. To get a full understanding of Wiltshire Police as a whole these accounts should be viewed alongside the Group Statement of Accounts (published separately).

Central Government has significant influence over the general operations of the Police and Crime Commissioner for Wiltshire's Group. Grants received from Central Government are disclosed in the PCC for Wiltshire Group Statement of Accounts.



## 6 External Audit Fees

Audit fees paid to Grant Thornton in respect of Section 5 of the Audit Commission Act (audit services) were £20k; no other external audit fees were payable. The Audit Commission issued a rebate of £3,000.

## 7 Accounting Standards Issued That Have Not Yet Been Adopted

For 2013/14 the following accounting standard changes have been issued but not yet adopted:

IFRS 10 Consolidated Financial Statements.  
IFRS 11 Joint Arrangements.  
IFRS 12 Disclosures of Interests in Other Entities.  
IAS 27 Separate Financial Statements  
IAS 28 Investment in Associates and Joint Ventures

The impact to the PCC is not likely to be material though these may increase the disclosure requirements for future years. Details of the disclosures required will be provided in the 2014/15 Code of Practice in Local Authority Accounting (COPLAA).

## 8 Termination Benefits

The numbers of exit packages with total cost per band are set out in the table below, they were all compulsory redundancies. The total cost of exit packages includes early pension payments.

Exit package cost band	No. of compulsory redundancies		Total cost of exit packages in each band £'000	
	2012/2013	2013/2014	2012/2013	2013/2014
£0-£20,000	23	17	233	164
£20,001-£40,000	3	6	139	174
£40,001-£60,000		4		177
£60,001-£80,000		1		67
£80,001-£100,000	3	1	139	84

## 9 Pensions

### Pensions Accounting

The Financial Code of Practice states that 'The Chief Constable is responsible for ensuring the administration of the pension schemes and the appropriate maintenance and provision of the relevant accounts.' The Chief Constable is also responsible for all police officers and 90% of the staff under the new arrangements with the Police and Crime Commissioner for Wiltshire. Any transactions relating specifically to the Office of the Police and Crime Commissioner would be immaterial. On this basis and to comply with accounting and audit requirements the transactions in the Comprehensive Income and Expenditure Statement (CIES) are all shown under the Chief Constable's Statement of Accounts. In line with the current arrangements, these transactions are financed by adjustments between the authorities' accounts.

Although the Police and Crime Commissioner is responsible for all assets and liabilities, in order to comply with accounting and audit requirements, the pension liabilities are required to be disclosed in the Chief Constable's Balance Sheet. This is balanced with a long term pension debtor of equivalent value to the pension liability to recognise the fact that the Police and Crime Commissioner has ultimate responsibility for these long term liabilities.

The information that follows is for the pension accounts of the Group.

### Pension Schemes

Although pension benefits are not actually payable until employees retire, the Chief Constable for Wiltshire has a commitment to disclose the payments at the time that employees earn their future entitlement.

Wiltshire Police participates in two schemes:

The Police Pension Scheme for police officers – this is an unfunded scheme, meaning that there are no investment assets held, and actual pensions payments are met from revenue as they are eventually due. Changes were introduced to the pension in April 2006 which result in slight variations between pre and post April employee's schemes. The schemes are administered in accordance with the Police Pensions Regulations 1987 and the New Police Pensions Scheme Regulations 2006.

The Local Government Pension Scheme (LGPS) for civilian employees – this is administered by Wiltshire County Council and is a funded scheme, where the employer and employees pay contributions into a fund intended to balance the pensions liabilities with investment assets. The scheme is administered in accordance with the Local Government Pension Scheme Regulations.

Estimation of the net liability to pay pensions is reliant on a number of complex judgements relating to the discount rate used, the rate of increase in salary, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the organisation with expert advice about the assumptions to be applied.

Recent changes to IAS19 have resulted in the interest cost and expected return on assets components being combined into a net figure in the net cost of services. In effect this means that the expected return has been replaced by a figure that would be applicable if the expected return on assets assumption was equal to the discount rate. The effect on prior periods (2012/13) is a £523k increase in deficit on the provision of services and a £523k reduction in the loss on pension assets and liabilities in the Comprehensive Income and Expenditure Statement (CIES). The impact on the CIES deficit is reversed out in the Movement in Reserves Statement meaning there is no impact on the Balance sheet and no impact on the requirement for Council Tax.

## Pensions Transactions

The cost of retirement benefits is recognised in the Net Cost of Services when it is earned by employees, rather than when the benefits are actually paid out as pensions. The cost of retirement benefits earned is reversed out in the Movement in Reserves as the charge against council tax is based only on actual payments due in the year. The following transactions were made in the Income and Expenditure Account and the Movement in Reserves Statement during the year:

	<b>Local Government Pension Scheme</b>		<b>Police Pension Scheme</b>	
	£000		£000	
	2012/13	2013/14	2012/13	2013/14
<b>Comprehensive Income &amp; Expenditure (CIES)</b>				
<i>Net Cost of Services</i>				
Current Service Costs	4,208	5,234	20,500	24,200
Past Service Costs (Non Distributed Costs)		177	-1,700	-100
Gains and Losses on any Settlements or Curtailments	41			
<i>Net Operating Expenditure</i>				
Net Interest Expense	815	1,291	36,600	40,100
Net Charge to the Surplus/Deficit	5,064	6,702	55,400	64,200
<i>Other Comprehensive Income &amp; Expenditure</i>				
Return on plan assets (excluding the amount included in the net interest expense)	-5,288	-4,839		
Actuarial gains and losses arising on changes in demographic assumptions		3,711		21,700
Actuarial gains and losses arising on changes in financial assumptions	14,675	2,347	93,200	37,600
Other	-88	-2,446	-300	-300
Total Other Comprehensive Income & Expenditure	9,299	-1,227	92,900	59,000
Total Charge to the CIES	14,363	5,475	148,300	123,200
	<b>Local Government Pension Scheme</b>		<b>Police Pension Scheme</b>	
	£000		£000	
	2012/13	2013/14	2012/13	2013/14
Net Charge to the CIES Surplus/Deficit	5,064	6,702	55,400	64,200
<b>Movement in Reserves Statement</b>				
<i>Adjustments between Accounting &amp; Funding Basis:</i>				
Reversal of net charges made for retirement benefits in accordance with the code	-5,064	-6,702	-55,400	-64,200
Actual amount charged against the General Fund Balance for pensions in the year:				
Employer's contributions payable to scheme	3,163	3,100		
Retirement benefits payable to pensioners			24,742	22,204
Actual Costs	3,163	3,100	24,472	22,204

The actual payments made by the Police and Crime Commissioner's Group for employer's contributions 2013/14 are £3.110 million to Wiltshire Council for the Local Government Pension Scheme (£3.163m 2012/13) and £9.724 million to the Police Pension Scheme (£9.975m 2012/13). The main reason this differs from the £22.204 million above is a further £12.480 million contributions funded by Home Office grant.

### Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the defined benefit obligation is as follows:

	£000	£000
	2012/13	2013/14
<i>Local Government Pension Scheme</i>		
Present value of defined benefit obligation	-112,407	-125,677
Fair value of plan assets	84,797	95,796
Net Liability – Local Government Pension Scheme	<b>-27,610</b>	<b>-29,881</b>
<i>Police Officer Pension Scheme</i>		
Present value of defined benefit obligation	-890,400	-991,500
Fair value of plan assets		
Net Liability – Police Officer Pension Scheme	<b>-890,400</b>	<b>-991,500</b>
<b>Total Net Liability arising from defined benefit obligation</b>	<b>-918,010</b>	<b>-1,021,381</b>

The liabilities show the Group's commitment for future payment of retirement benefits. The total deficit of £1,021m for 2013/14 has a substantial impact on the net worth of the authority shown on the balance sheet. However, the financial position of the Group remains healthy due to the following:

- The deficit on the local government scheme will be funded by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.
- Funding to cover police pensions is only required when the pensions payments are actually made.

## Reconciliation of the Movements in the Fair Value of Scheme Assets and Liabilities

The underlying assets and liabilities for retirement benefits attributable to the Police and Crime Commissioner's Group at 31<sup>st</sup> March 2014 are as follows:

	<u>Police staff</u>		<u>Police officers</u>	
	£000	£000	£000	£000
<b>Reconciliation of Present Value of Scheme Liabilities</b>				
	2012/13	2013/14	2012/13	2013/14
Opening Entry	-90,080	-112,407	-765,000	-890,400
Current Service Costs	-4,208	-5,234	-20,500	-24,200
Interest (cost)	-4,403	-5,155	-36,600	-40,100
Members Contributions	-1,523	-1,491	-4,600	-5,000
Re-measurement gain/(loss):				
• Actuarial gains/losses arising from changes in demographic assumptions		-3,711		-21,700
• Actuarial gains/losses arising from changes in financial assumptions	-14,675	-2,347	-93,200	-37,200
• Other	88	2,446	300	300
Past Service Costs		-177	1,700	100
Settlements/Curtailments	-41			
Benefits Paid	2,435	2,399	27,500	26,700
<b>Surplus/Deficit</b>	<b>-112,407</b>	<b>-125,677</b>	<b>-890,400</b>	<b>-991,500</b>
<b>Reconciliation of Fair Value of Scheme Assets</b>				
Opening Entry	73,625	84,797		
Interest Income	3,588	3,864		
Re-measurement gain/(loss):				
• Return on plan assets (excluding the amount included in net interest expense)	5,288	4,839		
• Other				
Transfers in/out			-1,800	-400
Employer Contributions	3,208	3,204	24,700	22,100
Members Contributions	1,523	1,491	4,600	5,000
Benefits Paid	-2,435	-2,399	-27,500	-26,700
<b>Surplus/Deficit</b>	<b>84,797</b>	<b>95,796</b>	<b>0</b>	<b>0</b>

### Additional Information about the Defined Benefit Obligation:

Local Government Pension Scheme	Liability Split		Duration
	£000's	Percentage	
Active Members	75,086	59.8%	26.6
Deferred Members	21,499	17.1%	26.8
Pensioner Members	29,092	23.1%	11.8
<b>Total</b>	<b>125,677</b>	<b>100.0%</b>	<b>23.2</b>

Police Officer Pension Scheme	Liability Split		Duration
	£000's	Percentage	
Active Members	471,700	49.3%	25.1
Deferred Members	38,300	4.0%	26.4
Pensioner Members	446,000	46.7%	12.4
<b>Total</b>	<b>956,000</b>	<b>100.0%</b>	<b>19.3</b>

Injury Pensions	Liability Split		Duration
	£000's	Percentage	
Contingent Injuries	22,300	62.8%	25.1
Injury Pension Liabilities	13,200	37.2%	17.8
<b>Total</b>	<b>35,500</b>	<b>100.0%</b>	<b>22.4</b>

### Assumptions to Estimate Assets and Liabilities

For 2013/14, the Police Pension Scheme and the Local Government Scheme have been assessed on a projected basis, by Hymans Robertson, using the following assumptions to calculate the components of the pensions. The last full actual valuation for the Police Officers Pension Scheme was carried out as at 31 March 2012 based on data at 31 December 2011 and the last full actual valuation for the Local Government Pension Scheme was carried out as at 31 March 2013.

Pension Scheme Basis for Estimating						
	LGPS		Old PPS		New PPS	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
Long term expected rate of return on assets in the scheme:						
Equity Investments	4.50%	4.30%				
Bonds	4.50%	4.30%				
Property	4.50%	4.30%				
Cash	4.50%	4.30%				
Mortality assumptions:						
Longevity for current pensioners:						
Men	21.3	22.3	28.1	29.3	28.1	29.3
Women	23.6	24.5	31	31.5	31	31.5
Longevity for future pensioners:						
Men	23.3	24.1	29.7	30.9	29.7	30.9
Women	25.5	26.9	32.5	33	32.5	33
Market Derived RPI			3.60%	3.60%	3.60%	3.70%
Rate of Increase in salaries	5.10%	4.60%	3.80%	3.80%	3.80%	3.90%
Rate of Increase in pensions	2.80%	2.80%	2.80%	2.80%	2.80%	2.90%
Rate for discounting scheme liabilities	4.50%	4.30%	4.50%	4.30%	4.50%	4.30%

Longevity is the average future life expectancy at age 65 for staff and at age 60 for officers.

The Police Officers Pension Scheme does not hold investment assets. The actual return on the LGP Scheme Assets for Apr – Dec 2013 was 9.7% (3.8% Apr – Dec 2012)

The Police and Crime Commissioner's Group accounts for Retirement Benefits in line with IAS 19 and IPSAS 25 and as a result, quoted securities held as assets in the Local Government Pension Scheme are valued at bid value rather than mid-market value.

The total value of assets as at 31 March 2014 is £95.796m (£84.797 March 2013).

**Local Government Pension Scheme Assets Comprised:**

	31 March 2014			31 March 2013		
	£000			£000		
	Quoted Prices in Active Markets	Prices not quoted in Active Markets	Total	Quoted Prices in Active Markets	Prices not quoted in Active Markets	Total
<b>Cash and Cash Equivalents</b>	3,032	0	<b>3,032</b>	1,964	0	<b>1,964</b>
<b>Equity Securities:</b>						
Consumer	2,853	0	<b>2,853</b>	2,695	0	<b>2,695</b>
Manufacturing	1,738	0	<b>1,738</b>	2,351	0	<b>2,351</b>
Energy and Utilities	0	0	<b>0</b>	0	0	<b>0</b>
Financial Institutions	1,114	0	<b>1,114</b>	1	0	<b>1</b>
Health and Care	564	41	<b>605</b>	632	89	<b>721</b>
Information Technology	10,366	0	<b>10,366</b>	6,801	0	<b>6,801</b>
Other	407	0	<b>407</b>	346	0	<b>346</b>
<i>Sub-total</i>	17,042	41	<b>17,083</b>	12,826	89	<b>12,915</b>
<b>Debt Securities:</b>						
Corporate Bonds (investment grade)	137	6,965	<b>7,102</b>	39	7,107	<b>7,146</b>
Corporate Bonds (non-investment grade)	0	247	<b>247</b>	0	179	<b>179</b>
UK Government	0	800	<b>800</b>	0	854	<b>854</b>
Other	283	1,073	<b>1,356</b>	0	1,247	<b>1,247</b>
<i>Sub-total</i>	420	9,085	<b>9,505</b>	39	9,387	<b>9,426</b>
<b>Real Estate:</b>						
UK Property	0	8,298	<b>8,298</b>	0	7,938	<b>7,938</b>
Overseas Property	0	503	<b>503</b>	0	629	<b>629</b>
<i>Sub-total</i>	0	8,801	<b>8,801</b>	0	8,567	<b>8,567</b>
<b>Investment Funds and Unit Trusts:</b>						
Equities	0	46,889	<b>46,889</b>	0	42,345	<b>42,345</b>
Bonds	0	4,608	<b>4,608</b>	0	4,472	<b>4,472</b>
Hedge Funds	0	4,960	<b>4,960</b>	0	4,261	<b>4,261</b>
Commodities	0	0	<b>0</b>	0	0	<b>0</b>
Infrastructure	0	471	<b>471</b>	0	218	<b>218</b>
Other	0	712	<b>712</b>	0	651	<b>651</b>
<i>Sub-total</i>	0	57,640	<b>57,640</b>	0	51,947	<b>51,947</b>
<b>Derivatives:</b>						
Foreign Exchange	0	-273	<b>-273</b>	0	0	<b>0</b>
Other	8	0	<b>8</b>	-22	0	<b>-22</b>
<b>Total Assets</b>	<b>20,502</b>	<b>75,294</b>	<b>95,796</b>	<b>14,807</b>	<b>69,990</b>	<b>84,797</b>

## Sensitivity Analysis

The sensitivity of the principal assumptions used to measure the scheme liabilities are as follows:

<b>Police Officer Pension Schemes - Change in assumptions at year ended 31 Mar 2014</b>	<b>Approx % increase to employer liability</b>	<b>Approx monetary amount (£000)</b>
0.1% decrease in real discount rate	2%	19,400
1 year increase in member life expectancy	3%	29,800
0.5% increase in the salary increase rate	1%	15,700
0.5% increase in the Pensions Increase Rate (CPI)	8%	83,600

<b>Local Government Pension Scheme - Change in assumptions at year ended 31 Mar 2014</b>	<b>Approx % increase to employer liability</b>	<b>Approx monetary amount (£000)</b>
0.1% decrease in real discount rate	12%	15,338
1 year increase in member life expectancy	3%	3,770
0.5% increase in the salary increase rate	5%	6,010
0.5% increase in the Pensions Increase Rate (CPI)	7%	9,009

## Contributions Expected

The projected amount to be charged to Income and Expenditure for the year to 31 March 2015 is as follows:

<b>Local Government Pension Scheme</b>	<b>Assets</b>	<b>Obligations</b>	<b>Net (Liability)/Asset</b>	
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>% of pay</b>
Current Service Cost		5,158	-5,158	-22.4%
Past Service Cost inc curtailments				
Effect of Settlements				
<i>Total Service Cost</i>		<i>5,158</i>	<i>-5,158</i>	<i>-22.4%</i>
Interest Income on Plan Assets	4,176		4,176	18.1%
Interest cost on Defined Benefit Obligation		5,495	-5,495	-23.8%
<i>Total Net Interest Cost</i>	<i>4,176</i>	<i>5,495</i>	<i>-1,319</i>	<i>-5.7%</i>
<b>Total Included in Surplus/Deficit CIES</b>	<b>4,176</b>	<b>10,653</b>	<b>-6,477</b>	<b>-28.1%</b>

<b>Police Officer Pension Scheme</b>	<b>Assets</b>	<b>Obligations</b>	<b>Net (Liability)/Asset</b>	
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>% of pay</b>
Current Service Cost		25,500	-25,500	-66.0%
Past Service Cost inc curtailments				
Effect of Settlements				
<i>Total Service Cost</i>		<i>25,500</i>	<i>-25,500</i>	<i>-66.0%</i>
Interest Income on Plan Assets				
Interest cost on Defined Benefit Obligation		42,700	-42,700	-110.5%
<i>Total Net Interest Cost</i>		<i>42,700</i>	<i>-42,700</i>	<i>-110.5%</i>
<b>Total Included in Surplus/Deficit CIES</b>		<b>68,200</b>	<b>-68,200</b>	<b>-176.6%</b>



Contributions expected to be paid to the schemes during the month of April 2014 are as follows:

Police pension scheme employer's contributions: £0.762m: (£9.144m projected for the year)  
Police pension scheme member's contributions: £0.422m:(£5.064m projected for the year)

Local Government pension scheme employer's contributions: £0.299m:(£3.588m projected for the year)  
Local Government pension scheme member's contributions: £0.123m: (£1.476m projected for the year)

### **The Police Pension Fund Account**

(Police Officer's Pensions only). Under the Police Pension Fund Regulations 2006 it is not a requirement to meet the pension costs directly but to pay an employer's pension contribution of 24.2% of pay into a pension fund account.

If the Officers and employers contributions are insufficient to meet the cost of pension payments, a top up grant is paid by the Home Office to help meet this obligation. Any surplus on the pension fund account is repaid to the Home Office and the account is balanced to Nil at year end.

Should the pension fund account not be balanced to Nil by pension top up grant then the Police and Crime Commissioner's Group is liable for any additional contribution required.

For 2013/14 the net amount payable on the pension fund account before top up grant was £12.480m. A total amount of £10.999m in pension grant was received, leaving a net amount of £1.481m due from the Home Office.

The balance of £1.481m is included within the Balance Sheet of the Group as a debtor.

## **10 Injury Awards**

Wiltshire Police incurs costs relating to Injury Awards for employees forced to leave work through injury. The total cost for 2013/14 was £463,995 (£479,616 2012/13), this was financed through revenue.

## **11 Post Balance Sheet Events**

The 2012/13 comparative figures in the Comprehensive Income and Expenditure Statement have been restated for the following:

To represent the Chief Constable's use of the PCC's assets, there is a charge of £14.4m to the CC which is equivalent to the running costs and capital financing incurred by the PCC. This charge has not previously been applied to the accounts.

## Wiltshire Police Pensions Fund Account (Police Officer's Pensions only)

2012/2013 £000	Fund Account (Note 9 provides further information)	2013/2014 £000	2013/2014 £000
9,321	Contributions Receivable		
169	Employer	9,054	
289	Other Bodies	198	
4,648	Early Retirements (Ill Health)	421	
<b>14,427</b>	Members	5,007	<b>14,680</b>
<b>192</b>	Transfers In from other schemes	185	<b>185</b>
	Benefits Payable		
21,220	Pensions	22,218	
6,215	Commutations	4,544	
<b>27,435</b>	Lump Sum Death Benefits		<b>26,762</b>
	Payments to and on account of leavers		
1,951	Refunds of contributions	3	
<b>1,951</b>	Transfers out to other schemes	579	<b>582</b>
<b>14,767</b>	Net amount receivable for the year before top up grant		<b>12,480</b>
<b>14,767</b>	Transfer from Police Fund to meet Pension Fund deficit		<b>12,480</b>
<b>0</b>	Net amount receivable for year		<b>0</b>

### Net Assets Statement

Due to the Pensions Regulations taking precedence over the Code of Practice, the accounting treatment of the top-up grant results in a zero net amount receivable for the year and no transactions for a Net Assets Statement.

The Pension Fund Account statement does not take account of liabilities to pay pensions and other benefits after the period end. Details of the long-term pension obligations can be found in **Note 9**.