
The Chief Constable for Wiltshire

Statement of Accounts



2017/2018

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Narrative Report

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 2017/18 and the Accounts and Audit Regulations 2015.

The accounts, which follow, show the Chief Constable's (CC) financial results for 2017/18. Comparative figures for 2016/17 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 2013, 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 Office for the Police and Crime Commissioner for Wiltshire and the Chief Constable for Wiltshire Police.

The Police Reform and Social Responsibility Act 2011 sets out requirements for 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 Chief Constable is responsible for maintaining the Queen's peace and holds office under the Crown but is appointed by and accountable to the Police and Crime Commissioner for the delivery of efficient and effective policing through suitable management of available resources.

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. 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, the CC receives charges 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.

Strategic Objectives & Performance

The Commissioner's Police and Crime Plan 2017-2021 sets out the four key policing priorities for the next four years:

Priority 1 – Prevent Crime and keep people safe

Priority 2 – Protect the most vulnerable people in society

Priority 3 – Put victims, witnesses and communities at the heart of everything we do

Priority 4 – Secure a quality service that is trusted and efficient

The Chief Constable is allocated a revenue budget and is responsible for operational planning to deliver these priorities.

Since the austerity measures were introduced, police funding has significantly reduced. Between 2010 and 2018 Wiltshire Police has made savings of £19.8m while experiencing an ever increasing complexity of policing demands.

The revenue budget consists of 80% staffing which, alongside the reductions in funding and change in demand, leads to new challenges in the way policing needs to be delivered. Wiltshire Police has invested in new technology and remains focused on partnerships and collaborations that will bring costs down and improve effectiveness. Further details of joint operations are available in the notes to the accounts.

In response to the Commissioner's key policing priorities, the Chief Constable has set out a Control Strategy for the force.

2017/18 Control Strategy priorities:

- High Risk Victims
- Domestic Abuse
- High Risk Offenders
- Cyber Crime

The Control Strategy has led to Wiltshire Police making improvements in dealing with and solving victim based crimes including sexual offences and crimes involving domestic abuse.

The high risk offenders strategy has targeted organised crime, dangerous drugs networks and dangerous and persistent offenders.

Cyber Crime is on the increase in demand and complexity, a high percentage of digital investigations are child sexual exploitation cases.

Quarterly and Annual reports are produced for the PCC to report performance for the four key policing priorities and these are also scrutinised by the Police and Crime Panel.

In 2017 HMIC carried out its Police Effectiveness, Efficiency and Legitimacy (PEEL) report which assessed Wiltshire Police as the following:

- The extent to which the force is effective at keeping people safe and reducing crime is **good**.
- The extent to which the force is efficient at keeping people safe and reducing crime is **good**.
- The extent to which the force is legitimate at keeping people safe and reducing crime is **good**.

In July 2017, HMIC carried out a Crime Data Integrity inspection. As a result HMICFRS gave an overall outcome of **good** to Wiltshire Police. The HMIC statement reported that they found Wiltshire Police:

- recorded nearly all reports of crime reported directly to its public protection teams;
- achieves high levels of recording accuracy for reported sexual offences;
- has implemented all of the recommendations set out in our 2014 report; and
- has made good progress against a national action plan developed to improve crime recording by police forces.

Events that Impact the 2018/19 Accounts

On Sunday 4th March a poisoning incident occurred in Salisbury (Op Fairline), on investigation this became a large scale terrorism incident. Significant costs are expected over the life of the operation, these are being financed by special grant from the Home Office. In 2017/18 costs of £1.8m have been incurred and grant of £1.5m received in April 2018.

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 2018.
- **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 2017/18 was £138.973 million.

Pensions

Liabilities exist for Police Officers who have or are currently contributing funds towards a future pension. The Police Officers Pension schemes are unfunded schemes. 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

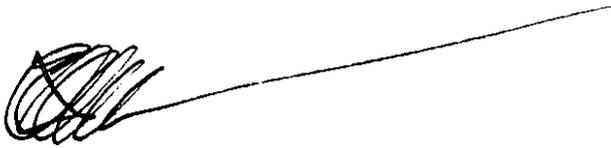
Medium-term strategic plans were reported to the Commissioner's Monitoring Board in February 2018. These identified a shortfall of £5.302m and £13.174m between 2018/19 and 2020/21. These shortfalls are due to increasing costs whilst funding remains cash neutral. This will change when the actual funding for 2018/19 is announced in 2018.

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.



K Pritchard, Chief Constable for Wiltshire Police

Date: 19th July 2018

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 2018 and its income and expenditure for the year ended 31 March 2018. Events that have occurred after the balance sheet date have been considered to the date of approval.



C. Barker
Chief Finance Officer

Date: 19th July 2018

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.

Annual Governance Statement - Chief Constable

The position as at 31 March 2018.

1. SCOPE OF RESPONSIBILITIES

The Police and Crime Commissioner (PCC) is responsible for the totality of policing in Wiltshire and Swindon. It is his duty to secure efficient and effective policing for Wiltshire and Swindon. The PCC is responsible for ensuring that a police service is delivered in accordance with the law and proper standards. The PCC is also responsible for ensuring that public money is safeguarded and properly accounted for and used to provide services economically, efficiently and effectively. The PCC is also responsible for ensuring that a sound system of internal control is maintained throughout the year and that arrangements are in place for the management of risk. With the Chief Constable (CC) being a separate corporate sole there is a requirement for both parties to produce a governance statement. The CC's statement illustrates the governance in place to ensure his responsibilities are fulfilled to the PCC. The PCC's statement reports how he fulfils his duties to the public of Wiltshire.

The Financial Management Code of Practise for the Police Service states that the CC is responsible to the PCC for delivery of efficient and effective policing, management of resources and expenditure by the police force.

The PCC has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA 2016 Framework: *Delivering Good Governance for Policing Bodies*. This statement explains how the PCC has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, culture and values by which the Office of the PCC (OPCC) and Wiltshire Police operate. It includes the activities through which the PCC engages with and reports to the community. It enables the CC and OPCC to monitor the achievement of strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. Governance should focus on the principles of good governance which are (as per CIPFA guidance);

- Ethics and Integrity
- Openness and Stakeholder Engagement
- Delivering Outcomes
- Determining Interventions
- Developing Leadership
- Managing Risks and Monitoring Performance
- Demonstrating Effective Accountability

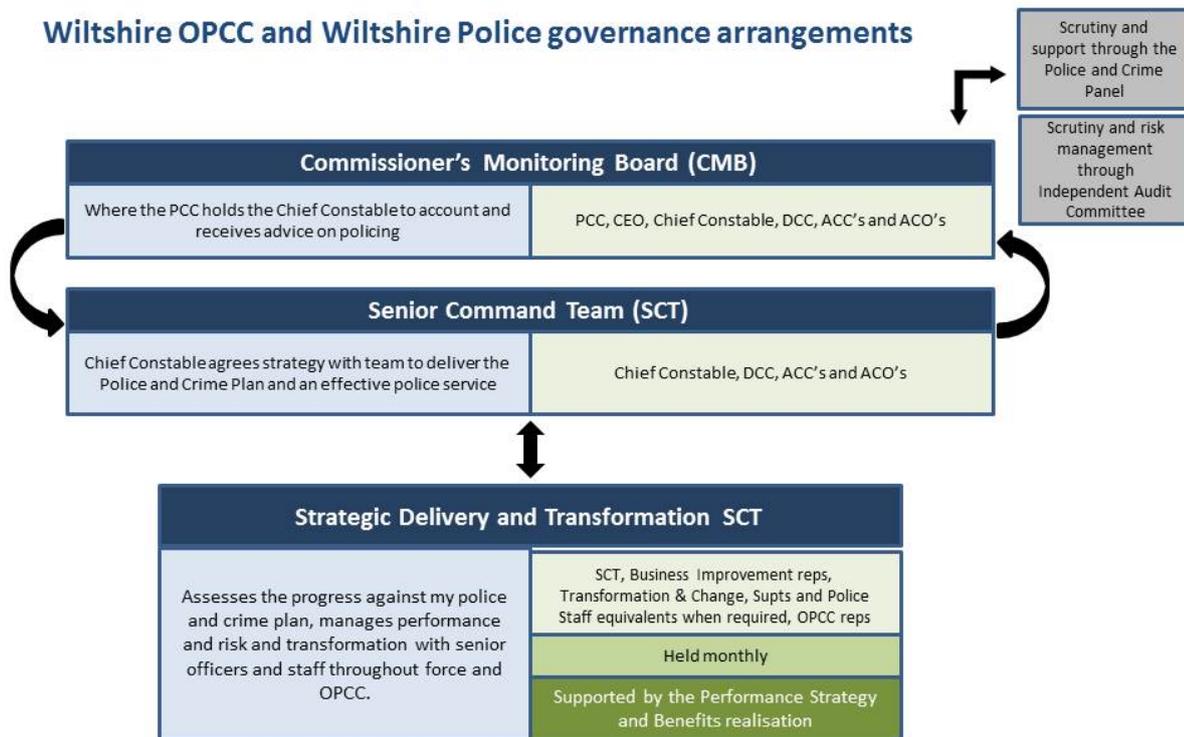
It is stated in the guidance that good governance means *doing what is right and doing it properly*. Whilst this is a simplification of governance it is correct that an overemphasis on processes and criteria for success fails to recognise that good governance is a reflection of the culture of the organisation. The principles of good governance need communicating and embedding. Having a positive and active commitment to the principles of good governance is important.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It is an ongoing process designed to identify and prioritise the risks to the achievement of the CC and 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 2017-18.

3. THE GOVERNANCE FRAMEWORK

The Chief Constable is responsible to the PCC for the delivery of efficient and effective operational policing. The PCC holds him to account for the exercise of those functions and those of the persons under his direction and control. The PCC must be satisfied 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 Commissioner's Monitoring Board
- Strategic Delivery and Transformation SCT
- The Independent Audit Committee
- The Scheme of Governance (incorporating Financial and Contract regulations)
- Performance Reporting
- Risk Management
- Professional Standards

The **Commissioners Monitoring Board (CMB)** is key in ensuring strong governance. The Board receives reports on performance, risk, the capital and revenue position and it approves all significant spending decisions. 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 CC 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 PCC meets with the Head of Performance and Chief Finance Officer bi-weekly to review progress.

The **Strategic Delivery and Transformation SCT (SDT)** is attended by Chief Officers and the PCC Chief Executive or Deputy Chief Executive. Exception reports are provided surrounding performance, project delivery and risk management. This enables executives to see lower level risks or issues which may arise in the near future.

The **Joint 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 the PCC, Chief Constable, 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 out 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 **The Scheme of Governance** (incorporating Financial and Contract regulations) 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 the Police and Crime Plan 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 arisen as a result of a single officer reporting to two principals. However the possibility of this had been considered and a resolution process provided for in the Scheme of Governance. It is important to note that the PCC's financial management arrangements conform to all good governance requirements, including 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 2014-15 there was a move to reporting performance on a qualitative basis rather than quantitative. This change is based on the evidence that targets can lead to perverse behaviours which are not in line with the organisation's objectives. This cultural change in performance monitoring is being promoted by the PCC and the Chief Constable. Force performance is communicated internally via Chief Constable blogs and monthly performance reports available to all staff on the intranet. An interactive tool (Qlikview) is used by operational officers to identify local issues, this enables officers to drill down to specific crimes if required. Where issues are identified, exception reporting occurs using the agreed performance analysis tool. **Monthly performance reporting occurs** at the Strategic Delivery and Transformation SCT. The meeting which is chaired by the Chief Constable receives updates on priority items and exception reports. Matters are reported to the Senior Command Team meeting and CMB 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 Corporate Risk Register which is reviewed monthly at the Strategic Delivery and Transformation SCT.

A Risk Management Strategy and Policy is in place. This identifies the risks in obtaining our goals and a requirement to manage them well. The published Practitioner's Guide helps managers across the force understand the process and what they are required to follow. 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 comprehensive Professional Standards intranet site provides information to our staff on all areas of standards, including standards of professional behaviour, complaints, etc. The Standards Campaign is part of the framework highlighting expectations and the code of ethics. Video messages are in place promoting the values and behaviours framework and that the focus on issues will normally be on learning rather than blame. An Ethics and Culture Board also exists which provides another control point.

The CC has a desire to be open and transparent meeting with staff, stakeholders and engaging with communities to reassure them when appropriate. The CC's blog and presence on social media sites such as Twitter enables him to have a voice and receive direct feedback.

It is acknowledged by the Chief Constable that the performance of the police in serving our public relies on high quality, value based leadership. In achieving this a People and Culture strategy has been produced. A key part of the strategy is leadership and how leaders of now and the future are developed. Various training programmes are in place to ensure leadership at all levels throughout the organisation is focused on.

In 2017 Independent Advisory Group's (IAGs) were set up in each Community Police Area. In future years these are expected to provide an independent perspective on issues helping improve policing.

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; With the change to qualitative performance measurement and the move away from numerical targets performance measuring is more about a wide range of areas (often not numerical). Each month the force assesses its performance using a performance framework aligned to the Police and Crime Commissioner's four priorities. The performance framework contains over 500 measures and diagnostics, which help tell the story of whether the force is efficient and effective. These measures are assessed using a defined statistical methodology and do not include numerical targets. A full report on the force's performance during 2017-18 will be prepared and presented to the Police and Crime Panel. Some points of note in 2017-18 include:

- Between January 2017 and December 2017, Wiltshire Police recorded 44,043 crimes overall, an increase of 7.9% compared to the national average of 15.3% and 11.1% regionally. This is significantly lower than the national average as we have focused on improving crime recording over the last 2 years. In doing this we reported an increase in crimes above the national average. Now other forces have improved their crime recording they are seeing the increases we reported in previous years, hence the reason why the increase is significantly lower than the national average.
- Justice outcomes have been published this year which show excellent performance by Wiltshire Police. Both our Rape Conviction rate of 85.7% and Hate Crime Conviction rate of 95.6% is the highest in the country. Our Sexual Offences Conviction rate of 87.9% is the third highest.

The data available to management and our ability to analysis this continues to increase. With this enhanced capability the issue of what to focus on becomes an issue. Various data sets are managed at Departmental level with issues then promoted to the Operational Senior Leadership Team for focus. Reporting to SDT is by exception hence problem areas should come to the attention of the Chief Constable along with proposed solutions.

Overall with the processes in place, our ability to analysis data and the strategic focus with the PCC's report to the Police and Crime Panel, in his review of Wiltshire Police performance, it can be seen that Performance Reporting is effective.

The force has been subject to a HMIC review in 2017-18 under the PEEL inspection, the outcome reported on the HMIC website is:

Effectiveness (How effective is the force at keeping people safe and reducing crime)
<p>Wiltshire Police is good at protecting vulnerable people and supporting victims. The force uses risk assessments for all calls for service into the force control room to identify threat, risk, harm and vulnerability of callers and others, and to ensure an appropriate response in accordance with individual needs. Daily review meetings ensure the officers deployed to calls for service involving vulnerable people have the skills to meet the needs of the people involved.</p> <p>Our review of investigation case files (undertaken before our inspection) found that the force provides vulnerable victims with a generally good standard of service. Call handlers, frontline officers and staff take a consistent approach to safeguarding vulnerable people.</p> <p>Wiltshire Police is outstanding at identifying and supporting people experiencing mental health problems. It works exceptionally well with partner organisations through comprehensive and well-established meetings to ensure that continuing support and specialist safeguarding arrangements are in place for vulnerable people, including those who have experienced domestic abuse. In addition, the force works proactively with other organisations to ensure continual improvement of services to protect and reassure people at risk of harm.</p> <p>Wiltshire Police has the necessary arrangements in place to fulfil its national policing responsibilities, and to respond to an attack requiring an armed response. Appropriate governance processes are in place to assess and review force capability and capacity to respond to major incidents. Plans are tested with other organisations and information on outcomes is exchanged within the partnerships using a joint ICT system.</p>

Efficiency (How efficient is the force at keeping people safe and reducing crime)
<p>Wiltshire Police is good in the efficiency with which it keeps people safe and reduces crime. The force regularly assesses a wide range of information to understand the demand for its services. It then uses this information as the basis for how the force conducts its day-to-day business. A culture of continuous improvement is in place throughout the force, resulting in better services for the public.</p> <p>Wiltshire Police uses and allocates its resources well. It has implemented a new way of working that redirects its resources to deal with potential problems. However, in times of high demand, there are sometimes delays in answering non-emergency calls to the force control room. The force invests well, working with other organisations to manage demand for services. The force has a good understanding of its workforce's current operational skills and capabilities, and future requirements are understood and resourced appropriately.</p> <p>Wiltshire Police is good at planning to ensure that the right people are recruited, trained and in place to meet the changing needs for how it operates. Leadership development continues to be an area of strength. Comprehensive development programmes are provided for officers and staff to meet the current and future leadership requirements of the force. The force has a good record in achieving cost savings; strong governance procedures have served it well in ensuring that project managers are held to account for savings and other service improvements.</p>

Legitimacy (How legitimate is the force at keeping people safe and reducing crime)
<p>Wiltshire Police has been assessed as good. Wiltshire Police is committed to the principle that the behaviour of its workforce has a profound effect on community perceptions of fairness and respect. Improving communication skills forms an important part of training courses and it is clear that this is having a positive effect on interactions with the public. However, the force needs to do more to ensure frontline officers and staff have an understanding of unconscious bias. The force has hate crime and stop and search scrutiny panels which provide external scrutiny and challenge for its decision making, and additional external bodies give advice on the policing of significant operations. However, as we also found in our 2016 legitimacy inspection, the force does not work with independent advisory groups (IAGs). We found significant progress was being made to introduce local and force level independent advisory groups from September 2017, but they were not in place at the time of our inspection.</p> <p>Ethical standards are a high priority in the force and the members of the chief officer team provide good role models of these standards. The force has a number of programmes to build on the progress it has made, including the involvement of over 100 frontline officers and staff in developing an ethics and culture board chaired by a leading academic. The force is good at keeping complainants updated and it generally identifies, responds to and investigates allegations of discrimination well, in line with Independent Police Complaints Commission (IPCC) guidelines.</p> <p>The force has new initiatives to support workforce wellbeing and resolve workforce concerns, including a strong commitment to address workforce disproportionality. The force has effective ways for senior leaders to seek feedback and challenge from the workforce, and it has effective methods for identifying and resolving workforce concerns. The force has established a comprehensive programme of leadership training and development, although it has more work to do to improve how it manages the individual performance of its workforce.</p>

Overall with HMIC assessing force performance as overall **good** it can be considered that the control measures surrounding performance have been effective.

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 force-wide areas identified for further work. This increases the profile of costs and provides opportunities to learn from peers. This is an effective approach which alongside the guidance in the Budget Book ensures that Value for Money is achieved. HMIC have also audited a special grant application this year. No issues were identified and the force praised for its innovative processes which avoid cost.

Internal Audit – The PCC and CC have a contract with the South West Audit Partnership to provide an internal audit service in 2017-18. 90 days of audit were planned and delivered covering 16 areas. Out of these 2 are currently awaiting completion and 3 were non-opinion reports. For the remaining 11 audits a report has been produced and provided to the Office of the PCC and the Chief Constable. A summary of the evaluation and recommendations suggested is provided to the Audit Committee. The evaluation system is as follows;

- Substantial Assurance – Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
- Reasonable Assurance – Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
- Partial Assurance – Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
- No Assurance – Fundamental breakdown or absence of core internal controls.

Two internal audit received ‘Partial Assurance’. These surrounded Staff Sickness and Voluntary Funds, no audits were graded ‘No Assurance’. Improvements on the ‘Partial Assurance’ areas are on-going with close monitoring occurring via the Independent Audit Committee.

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 CC. This statement relies on letters from Grant Thornton to the CC produced in September 2017. These identified:

- Financial Statements Audit – An unqualified opinion.
- Arrangements for securing economy, efficiency and effectiveness in its use of resources – An unqualified conclusion.

Risk continues to be managed in a visible, transparent manner. Risk registers are proactively managed. The Independent Audit Committee review both the PCC and CC risk registers at each meeting and look for continual mitigation and management. Covering reports are also produced for the Audit Committee which explain changes.

5. SIGNIFICANT GOVERNANCE ISSUES

The table below shows progress on significant governance issues identified last year.

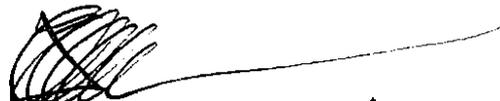
No.	Issue	Progress
1.	<p>Financial Context In previous years the budget relied on reserves. This was not a sustainable model. Funding was also standing still which when considering inflation, pay awards and new demands led to a requirement for significant savings. With 20% taken out of the budget in previous years further savings are difficult to find without significant impact on the services delivered.</p>	<p>In December 2017 the Home Secretary announced that central funding would not be cut in 2018-19. She also announced that PCC’s could increase Council Tax by a maximum of £12 per annum per household.</p> <p>After consultation with the public the PCC decided to increase Council Tax by £12. This led to total funds increasing by 4%. With a similar settlement offered for 2019-20, with caveats, the pressure on finance has reduced.</p> <p>There continues to be the pressure of funding new demand however some limited growth does look achievable in 2019-20. This is no longer considered a significant governance issue.</p>

No.	Issue	Progress
2.	<p>Delivering the Police and Crime Plan Due to a lack of resources or emerging threats the priorities in the plan may not be delivered.</p>	<p>The PCC and Chief Constable are aware of the difficulties in delivering with limited finances. Operation Fairline (the Salisbury incident) has seen the force react in acquiring public support and receiving positive national feedback however it does impact on the forces ability to deliver the Police and Crime Plan. The risk register identifies this risk alongside a risk associated with the long term implications of the incident (i.e. impact on staff undertaking long hours and cancelling leave).</p> <p>The deliverables in the plan continue to be monitored with appropriate controls in place however there is a risk that this could impact on the Chief Constables ability to deliver.</p>

On review of the risk register it is identified that there is an increased probability that the Police and Crime Plan may not be delivered due to the Salisbury incident. No new significant issues were identified.

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

Signed

Ker Pritchard

Draft Independent auditor's report to the Chief Constable for Wiltshire

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Chief Constable for Wiltshire (the 'Chief Constable') for the year ended 31 March 2018 which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and the Notes to accompany the statements, including the Statement of accounting Policies and include the police pension fund financial statements of Wiltshire Police Pension Fund comprising the Fund Account and the Net Assets Statement. 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 2017/18.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2018 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Section 1.01 Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Chief Constable in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the Chief Constable, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Chief Constable those matters we are required to state to the Chief Constable in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

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

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

Other information

The Chief Finance Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Chief Constable obtained in the course of our work including that gained through work in relation to the Chief Constable's arrangements for securing value for money through economy, efficiency and effectiveness in the use of its resources or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Section 1.02 Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Chief Constable gained through our work in relation to the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice we are required to report to you if:

- we have reported a matter in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Chief Constable under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of the above matters.

Responsibilities of the Chief Constable and the Chief Finance Officer for the financial statements

As explained more fully in the 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 secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer. 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 2017/18, which give a true and fair view, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Chief Constable's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Constable lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the Chief Constable.

The Chief Constable is Those Charged with Governance.

Auditor's responsibilities for the audit of the financial statements

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

Report on other legal and regulatory requirements - Conclusion on the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that *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 2018.

Responsibilities of the Chief Constable

The Chief Constable is responsible for putting in place proper arrangements for securing 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.

Auditor's responsibilities for the review of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Chief Constable has made 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.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects the Chief Constable had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that 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 2018.

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 be satisfied that the Chief Constable has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of the Chief Constable in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Iain Murray
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

30 Finsbury Square
London
EC2A 1AG

Comprehensive Income and Expenditure Statement for the Chief Constable of Wiltshire Police 2017/18

It should be noted that to represent the Chief Constable's use of the PCC's assets, the CC receives charges which are equivalent to the running costs and capital financing incurred by the PCC. All income is recognised in the PCC's net cost of services.

Net Expenditure 2016/17 £'000	See also Note 3 and note 4	Gross Expenditure 2017/18 £'000	Gross Income 2017/18 £'000	Net Expenditure 2017/18 £'000
129,504	Police Services	138,973		138,973
129,504	Net Cost of Police Services before intra group funding			138,973
-129,504	Intra Group Funding			-138,973
	Net Cost of Police Services			
37,721	Pension Net Interest Note 11			29,976
-37,721	Intra Group Funding (Pension Net Interest) Note 11			-29,976
	(Surplus)/Deficit on the Provision of Services			
39,114	Re-measurement of the net defined benefit liability/(asset) Note 11			112,537
-39,114	Intra Group Funding (Pensions re-measurement of the net defined benefit liability/(asset)) Note 11			-112,537
	Other Comprehensive Income and Expenditure			
	Total Comprehensive Income and Expenditure			

Movement in Reserves Statement

	Restated General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2016	0	0	0	0	0	0
Movement in reserves during 2016/17						
Total Comprehensive Income and Expenditure	0	0	0	0	0	0
Adjustments between accounting basis and funding basis under regulations	0	0	0	0	0	0
Increase/(Decrease) in 2016/17	0	0	0	0	0	0
Balance as at 31 March 2017 Carried Forward	0	0	0	0	0	0
Balance as at 31 March 2017 Brought Forward	0	0	0	0	0	0
Movement in reserves during 2017/18						
Total Comprehensive Income and Expenditure	0	0	0	0	0	0
Adjustments between accounting basis and funding basis under regulations	0	0	0	0	0	0
Increase/(Decrease) in 2017/18	0	0	0	0	0	0
Balance as at 31 March 2018 Carried Forward	0	0	0	0	0	0

Balance Sheet for the Chief Constable of Wiltshire Police as at 31 March 2018

31 March 2017 £000		31 March 2018	
		£000	£000
0	Property, Plant & Equipment	0	
0	Investment Property	0	
1,151,714	Long Term Debtor - Pensions	1,295,190	
1,151,714	Total Long Term Assets		1,295,190
0	Inventories	0	
0	Short Term Debtors	0	
0	Cash & Cash Equivalents	0	
0	Assets Held For Sale (under 1 yr)	0	
0	Total Current Assets		0
0	Short Term Creditors	0	
0	Provisions (under 1 yr)	0	
0	Total Current Liabilities		0
0	Finance Lease Liability	0	
-1,151,714	Liability Related to Defined Benefit Pensions Scheme.	-1,295,190	
-1,151,714	Total Long Term Liabilities		-1,295,190
0	Total Net Assets		0
0	Usable Reserves		0
0	Unusable Reserves		0
0	Total Reserves		0

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.



C.Barker, Chief Finance Officer. 19th July 2018

Cash Flow Statement

2016/17 £000		2017/18 £000
	<u>Operating Activities</u>	
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
0	Net Cash Flows from Operating Activities	0
	<u>Investing Activities</u>	
0	Purchase of Non-Current Assets	0
0	Proceeds from Sale of Non-Current Assets	0
0	Other Receipts from Investing Activities	0
0	Net Cash Flows from Investing Activities	0
	<u>Financing Activities</u>	
0	Payments for the Reduction of Outstanding PFI Finance Liability	0
0	Net Cash Flows from Financing Activities	0
0	Net increase or decrease in cash & cash equivalents	0
0	Cash & cash equivalents at the beginning of the reporting period	0
0	Cash & cash equivalents at the end of the reporting period	0

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 2017/18, the Service Reporting Code of Practice 2017/18 and the Accounts and Audit Regulations 2015 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 2013, 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 2017/18 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 Joint Arrangements

Wiltshire Police have entered into numerous collaborative arrangements with other police forces and local authorities. A materiality limit of £500k has been set by the Group and details of the joint operations where Wiltshire contributions exceed this level are disclosed in the notes to the accounts.

1.6 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 2017/18 due to the immaterial value. Time off in Lieu (TOIL) and annual leave are recorded on an electronic system and the result is that the Group has a £1.616 million accrual for employee leave entitlements carried over at 31 March 2018. For 2017/18 there is a £0.315 million increase in the net cost of services where the accrual has increased from £1.301 million in 2016/17, this is reversed out in the PCC's 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)

There are three police officer schemes: the Police Pension Scheme (PPS), the New Police Pension Scheme (NPPS) and the Police Pension Scheme 2015 (2015 Scheme). These are defined benefit unfunded schemes, meaning that there are no investment assets held, and actual pensions payments are met from revenue as they are eventually due.

For the purpose of the note to the accounts the officer schemes are reported as a single disclosure. The scheme changes have been taken into account in the Balance Sheet and Comprehensive Income and Expenditure Account and in the note to the accounts.

Funding rules are in place which results in Police Forces paying 24.2% of Police pay as a pension fund 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 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 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 18.1% of pay were paid into the fund by the CC for Wiltshire for the year 2017/18; this contribution will remain at 18.2% for 2018/19 with an additional lump sum of £190,000 being contributed.

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.

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.

1.7 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.

1.8 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 is registered for Group VAT and oversees all VAT matters on behalf of the Police and Crime Commissioner and the Chief Constable.

1.9 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.

1.10 Prior Period Adjustment – Changes in Accounting Policies 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 in the current period and do not give rise to a prior period adjustment.

Changes in accounting policies are made when required by proper accounting practices and the changes provide more reliable or relevant information about the CC's financial position or performance. Where a change is made it is applied retrospectively by adjusting balances for the prior period as if the new policy had always been applied.

The 2016/17 Expenditure and Funding Analysis note and Expenditure and Income Analysed by Nature note have been restated to reflect the local arrangements in place between the Chief Constable and Police and Crime Commissioner for capital charges relating to use of assets. The arrangements are detailed in the Narrative Statement.

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 2017/18 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 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows the Chief Constable's net expenditure analysed between amounts that the PCC will fund from government grants and council tax in comparison with the net expenditure reported in the Comprehensive Income and Expenditure Statement for resources consumed or earned in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the note 'Expenditure and Income Analysed by Nature'.

2017/18	Net Expenditure Chargeable to the General Fund Balances	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	2017/18 £'000	2017/18 £'000	2017/18 £'000	2017/18 £'000	2017/18 £'000	2017/18 £'000
Police Services	115,230	783	22,645	315	23,743	138,973
Office of the Police and Crime Commissioner						
Net Cost of Services before intra group funding	115,230	783	22,645	315	23,743	138,973
Intra Group Funding	-115,230	-783	-22,645	-315	-23,743	-138,973
Net Cost of Police Services						
Other Income and Expenditure			29,976		29,976	29,976
Intra Group Funding			-29,976		-29,976	-29,976
Surplus or Deficit						
Opening General Fund Balance						
Less/Plus Surplus or (Deficit) on General Fund in Year						
Closing General Fund Balance at 31 March						

2016/17	Net Expenditure Chargeable to the General Fund Balances	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
RESTATED	2016/17 £'000	2016/17 £'000	2016/17 £'000	2016/17 £'000	2016/17 £'000	2016/17 £'000
Police Services	113,571	1,882	13,634	417	15,933	129,504
Office of the Police and Crime Commissioner						
Net Cost of Services before intra group funding	113,571	1,882	13,634	417	15,933	129,504
Intra Group Funding	-113,571	-1,882	-13,634	-417	-15,933	-129,504
Net Cost of Police Services						
Other Income and Expenditure			37,721		37,721	37,721
Intra Group Funding			-37,721		-37,721	-37,721
Surplus or Deficit						
Opening General Fund Balance						
Less/Plus Surplus or (Deficit) on General Fund in Year						
Closing General Fund Balance at 31 March						

Adjustments for Capital Purposes

This column adds in asset accounting transactions including charges relating to depreciation, impairment and revaluation.

Net Change for the Pensions Adjustments

This column shows the net change for removal of employer pension contributions and addition of the IAS 19 Employee Benefits pension related income and expenditure:

For the net cost of services this represents the removal of the employer pension contributions made and replacement with current service costs and past service costs.

The net interest on the defined benefit liability is charged to the Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

Other Differences

This column shows the amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements. The difference reflects the employee leave entitlements outstanding as at the 31st March.

Adjustments to the Net Cost of Services

The adjustments between funding and accounting that relate to Pensions and Capital are shown as charges to the Chief Constable and are then part of the intra group transfer to the Police and Crime Commissioner's accounts. The reason for this is the local arrangement in place for the relationship between the Chief Constable and Police and Crime Commissioner which, for accounting purposes, follows the concept 'substance over form'. These arrangements are laid out in the opening Narrative to the accounts.

4 Expenditure and Income Analysed by Nature

CIES 2016/17 Restated	Adjustments between the Funding and Accounting Basis Restated	General Fund 2016/17 Restated		CIES 2017/18	Adjustments between the Funding and Accounting Basis	General Fund 2017/18
£'000	£'000	£'000		£'000	£'000	£'000
44,887		44,887	Police Pay and allowances	44,968		44,968
20,800	-12,301	8,499	Police Officer Pensions	25,600	-17,334	8,266
33,267	-1,301	31,966	Staff Pay and allowances	39,084	-5,320	33,764
1,278	-417	861	Other employee expenses	1,488	-315	1,173
4,025	432	4,457	Premises	4,216	469	4,685
2,512	0	2,512	Transport	2,379	0	2,379
10,950	0	10,950	Supplies and Services	9,894	0	9,894
5,271	80	5,351	Third Party Payments	6,727	89	6,816
5,308	-2,394	2,914	Capital Finances	3,632	-1,341	2,291
1,206	-32	1,174	Non-distributed costs	985	9	994
129,504	-15,933	113,571	Total Financial Resources Consumed at request of Chief Constable	138,973	-23,743	115,230
-129,504	15,933	-113,571	Intra Group Adjustment	-138,973	23,743	-115,230
			Net Cost of Services			
37,721	-37,721		Pension Net Interest	29,976	-29,976	
-37,721	37,721		Intra Group Funding (Pension interest cost & expected return on assets)	-29,976	29,976	
			Total (Surplus)/Deficit on the Provision of Services			

It should be noted that Chief Constable receives charges for use of the Police and Crime Commissioner's assets. These charges are equivalent to the running costs and capital financing incurred by the Police and Crime Commissioner and include the associated adjustments between Accounting and Funding basis in line with the accounting concept 'substance over form'.

5 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 2016/17	Number of Employees 2017/18
50,000 - 54,999	68	70
55,000 – 59,999	34	39
60,000 – 64,999	9	5
65,000 – 69,999	3	3
70,000 – 74,999	3	5
75,000 – 79,999	5	4
80,000 – 84,999	4	3
85,000 – 89,999		2
90,000 – 94,999	2	
95,000 – 99,999		
100,000 – 104,999		
105,000 – 109,999		
110,000 – 114,999	2	
115,000 – 119,999	1	2
120,000 – 124,999		1
140,000 – 144,999		1
145,000 – 149,999		
150,000 – 154,999	1	
155,000 – 159,999		
Total	132	135

The above disclosure contains details for all staff and all officers whose remunerations, excluding pensions, exceeds £50,000. This disclosure is required on a legal basis rather than using the concept ‘substance over form’ as applied to the other Statement of Accounts disclosures.

For 2017/18, a total of £1.245m was recharged to external establishments for officers and staff on secondment (£1.293m 2016/17). As at 31st March 2018 there were 20 employees working in external areas on secondment (16 as at 31st March 2017).

4 of the officers included in the bandings over £50,000 were seconded out to other Forces or Government organisations as at 31 March 2018 (9 seconded officers included for 2016/17).

Senior Officer Remunerations

The code of practice requires disclosure of individual remunerations for Senior Officers and Relevant Police Officers, the following tables contain the details for 2017/18 and comparative information from 2016/17. Senior Officers are included in the above banding as well as the following individual disclosures.

Members of NPCC 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 2017/18 Clive Barker was in the role of Chief Finance Officer for both the Chief Constable and the Police and Crime Commissioner.

A number of changes occurred to senior roles during 2017/18:

Mike Veale (Chief Constable) left his role as Chief Constable for Wiltshire Police on the 4th March.

Kier Pritchard (previously Assistant Chief Constable) became Chief Constable for Wiltshire Police on the 5th March.

Paul Mills (previously Assistant Chief Constable) became Deputy Chief Constable for Wiltshire Police on the 5th March.

Craig Holden (previously Superintendent) became Assistant Chief Constable for Wiltshire Police on the 5th March.

Senior Officer Remunerations 2017/18

Post Holder Information	Name	Salary (including fees & Allowances)	Bonuses	Expenses	compensation for loss of office	Benefits in Kind	Total Remuneration excluding pension contributions 2017/18	Pension Contributions	Total Remuneration including pension contributions 2017/18
Chief Constable (from 5/03/18)	K. Pritchard	116,343		517		7,122	123,982	27,314	151,297
Chief Constable (until 04/03/18)	M. Veale	135,475		625		8,159	144,259	31,257	175,515
Deputy Chief Constable	P. Mills	113,012		370		5,130	118,511	26,884	145,395
Assistant Chief Constable	C Holden	85,590		582			86,172	18,639	104,811
Assistant Chief Officer / Chief Finance Officer	C Barker	108,198		242		6,281	114,721	19,156	133,877
Assistant Chief Officer	Z Durrant	111,938		105		4,462	116,505	20,164	136,669

Senior Officer Remunerations 2016/17

Post Holder Information	Name	Salary (including fees & Allowances)	Bonuses	Expenses	compensation for loss of office	Benefits in Kind	Total Remuneration excluding pension contributions 2016/17	Pension Contributions	Total Remuneration including pension contributions 2016/17
Chief Constable	M. Veale	144,122		41		8,831	152,994	33,380	186,374
Assistant Chief Constable	K. Pritchard	112,183		668		5,147	117,998	26,028	144,026
Assistant Chief Constable	P. Mills	109,051		298		5,130	114,479	25,532	140,011
Assistant Chief Officer / Chief Finance Officer	C Barker	105,704		494		5,439	111,637	18,683	130,320
Assistant Chief Officer	Z Durrant	109,228		339		4,093	113,660	19,666	133,327

6 Termination Benefits

The numbers of exit packages with total cost per band are set out in the table below.

Exit package cost band	No. of compulsory redundancies		No. of Other Departures		Total cost of exit packages in each band £'000	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
£0-£20,000	3	1	2	1	65	25
£20,001-£40,000	2				62	
£40,001-£60,000						
£60,001-£80,000			1		58	
£80,001-£100,000						

The total cost of exit packages includes early pension payments.

7 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 2017/18, no material transactions were declared by key management personnel.

Wiltshire Police has 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. Further details are available under the Joint Arrangements note.

Wiltshire Police have a number of partnership projects involving joint boards or committees; in particular there are arrangements in place with regional Police Forces, Wiltshire Council and Swindon Borough Council. Details of the partnerships are disclosed under the Joint Arrangements note.

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.

8 Joint Arrangements

Wiltshire Police is involved in a number of operational collaborations with regional police forces and works closely with other Local Government bodies in delivering its services to the local communities. These joint operations are key to providing efficient sustainable policing services, particularly in times where the policing service is experiencing unprecedented cuts in its funding. Shared resources can also result in opportunities to modernise and embrace innovation and technology to maintain and improve the services available to the community even with reduced funding availability.

Wiltshire Police recognises in its Statement of Accounts its share of the assets, liabilities and expenditure relating to its involvement in the joint operations. The Wiltshire Police contributions to the Joint Operations are disclosed below.

2016/17 £000 Expenditure	2016/17 £000 Income	Joint Operation	2017/18 £000 Expenditure	2017/18 £000 Income
617		Black Rock	620	
1,374		Brunel MCIT	1,441	47
812		Zephyr	883	
5,088		Tri Services	4,833	
2,534		Forensics	2,496	
678		SW Special Branch	700	12
2,995	22	Wiltshire Council	2563	24

Black Rock

Black Rock is a firearms training facility located in Avon & Somerset which is run in partnership with Avon and Somerset police and Gloucester police. Each organisation has a staff commitment to provide trainers for the facility.

The overall cost of the facility for the year was £2.431m; this is split on a percentage basis, with Wiltshire contributing 25%, Avon and Somerset 42% and Gloucester 33%.

There is a PFI building involved in the facility; this PFI contract is owned by Avon & Somerset police but at the end of the contract the asset is to be split between the partner forces according to the agreed percentage basis (as above). Due to this arrangement the PCC for Wiltshire accounts for his share as an asset on his Balance Sheet. The current value of the PFI asset as at 31 March 2018 was £22.3m; Wiltshire's share included in the Balance Sheet was £5.7m.

Brunel MCIT

This collaboration between Avon & Somerset Police, Gloucester Police and Wiltshire Police forms a shared Major Crime Investigations team (MCIT) for the three areas. Gloucester joined the collaboration in December 2015 where previously there had been an arrangement between Avon & Somerset and Wiltshire.

The overall cost of the facility for the year was £7.337m; this is split on a percentage basis, with Wiltshire contributing 19%, Gloucester 17% and Avon and Somerset 64%.

SWROCU (Formerly Zephyr)

SWROCU is a collaboration of the police forces in the South West region working together to disrupt, destroy and dismantle serious and organised crime.

The collaboration is led by Avon & Somerset police and costs are split on a percentage basis as follows: Avon and Somerset 32%, Gloucester 11%, Devon and Cornwall 33%, Dorset 12% and Wiltshire 12%.

The overall cost of the collaboration for the year was £11.672m.

Avon and Somerset police have purchased a building for the collaboration; this asset is currently owned and accounted for by Avon and Somerset police.

SWROCU also holds a reserve which any surplus/deficit year on year is added to/taken from. The reserve is also used to assist future year's budget which in turn potentially reduces the contributions required by each Force. The reserve currently stands at £3.418m of which £0.597m relates to the building owned by Avon and Somerset police. A further £2.697m relates to the proposed purchase of another building in the south of the Region.

Tri Services

Tri-Force is a specialist operations (Roads Policing, Dogs and Firearms) collaboration between Wiltshire, Gloucestershire and Avon and Somerset police and is based in 4 response hubs across the 3 Forces. The cost of the collaboration was £20.850m and the cost was split on the following percentage basis; Wiltshire 23%, Gloucestershire 23% and Avon and Somerset 54%.

Forensics

SW Regional Forensics is a collaboration between Wiltshire, Avon and Somerset, Dorset and Devon and Cornwall police. The collaboration was rolled out in 3 phases. Phase 1 operates from 2 hubs; north (Portishead) and south (Exeter) and the other phases operate from each of the four forces.

With all phases now in place, costs are apportioned on one overall basis: Avon and Somerset 37%, Devon and Cornwall 30%, Dorset 19% and Wiltshire 14%.

The cost of the collaboration for 2017/18 was £17.846m. Wiltshire's total cost was £2.496m for the year.

South West Special Branch

The Special Branch collaboration involves 4 Regional Forces and costs are shared on the following percentage splits, Avon and Somerset 28%, Devon and Cornwall 29%, Dorset 24% and Wiltshire 19%.

The cost of the collaboration totalled £3.658m. Wiltshire's net cost being £0.688m.

Wiltshire Council Alliance

Wiltshire Police has a strategic alliance with Wiltshire Council to look at new ways of working with a joint approach. The partnership enjoys benefits from having a modern and flexible joint IT solution, a shared project management team and shared estates. The strategic alliance results in increased payments to Wiltshire Council where the Council have covered initial costs.

The partnership decides its priorities at a regular joint board and costs of the required services are met as incurred. For 2017/18 Wiltshire Council received total payments amounting to £2.563m from the PCC for his share of the services, some of which relates to capital projects. Total revenue costs (including projects) amounted to £2.401m.

Other Collaborations:

Wiltshire Police is involved in numerous smaller collaborations and partnerships including the Serious Sexual Assault Referral Centre (SSARC), Swindon Multi Agency Safeguarding Hub (MASH), Wiltshire MASH, Local Resilience Forum (LRF) and the Youth Offending Team (YOT).

9 External Audit Fees

Audit fees paid to Grant Thornton in respect of external Audit services (Local Audit & Accountability Act 2014) were £15,000; no other external audit fees were payable.

10 Accounting Standards Issued That Have Not Yet Been Adopted

For 2017/18 the following accounting standard changes have been issued but not yet adopted. The impact of these changes to the Chief Constable's accounts is not likely to be material though they may increase the disclosure requirements for future years. Details of the disclosures required will be provided in the 2018/19 Code of Practice in Local Authority Accounting (COPLAA).

IFRS 9 Financial Instruments. The changes involve collective investment vehicles classified to fair value through profit or loss so that fair value gains and losses will be chargeable to the surplus or deficit on the provision of services as they arise.

IFRS 15 Revenue from Contracts with Customers. This will require local authorities to recognise revenue in such a way that it represents the transfer of promised goods or services to the service recipient in an amount that reflects the consideration to which the authority expects to be entitled in exchange for those goods or services. It is more likely to impact authorities when income is recognised over time.

IAS 7 Statement of Cash Flows; Disclosure Initiative (amendments). Additional disclosure requirements to enable users of the financial statements to evaluate changes in liabilities arising from financial activities.

IAS 12 Income Taxes: recognition of Deferred Tax Assets for Unrealised Losses. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value.

11 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 the majority of staff under the arrangements with the Police and Crime Commissioner for Wiltshire. Any transactions relating specifically to the Office of the Police and Crime Commissioner are immaterial.

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. To recognise the fact that the Police and Crime Commissioner has ultimate responsibility for these long term liabilities there is a long term pension creditor in his Balance Sheet of equivalent value to the pension liability.

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 Group has a commitment to disclose the payments at the time that employees earn their future entitlement.

The Police and Crime Commissioner's Group participates in three police officer schemes and one police staff scheme:

Police officers: Police Pension Scheme (PPS), New Police Pension Scheme (NPPS) and Police Pension Scheme 2015 (2015 Scheme). These are unfunded schemes, meaning that there are no investment assets held, and actual pensions payments are met from revenue as they are eventually due.

Changes introduced to pensions have resulted in three schemes with slight variations between them. Under recent regulations all current active members were moved into the 2015 Scheme from 1st April 2015 unless they qualified for protections that allowed them to remain in their current schemes. Officer pension schemes were contracted out of the State Second Pension but this ceased on the 5th April 2016.

The scheme changes have been taken into account in the Balance Sheet and Comprehensive Income and Expenditure Account and in the following note to the accounts.

The schemes are administered in accordance with the Police Pensions Regulations 1987, the New Police Pensions Scheme Regulations 2006 and the Police Pension Regulations 2015.

Police staff: The Local Government Pension Scheme (LGPS). This is administered by Wiltshire County Council and is a funded scheme, where the Group 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.

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:

	Local Government Pension Scheme		Police Pension Scheme	
	£000		£000	
	2016/17	2017/18	2016/17	2017/18
Comprehensive Income & Expenditure (CIES)				
<i>Net Cost of Services</i>				
Current Service Costs	5,680	10,009	20,800	25,600
Past Service Costs (Non Distributed Costs)	48	5	500	600
Gains and Losses on any Settlements or Curtailments				
<i>Net Operating Expenditure</i>				
Net Interest Expense	1,521	1,376	36,200	28,600
Net Charge to the Surplus/Deficit	7,249	11,390	57,500	54,800
<i>Other Comprehensive Income & Expenditure</i>				
Return on plan assets (excluding the amount included in the net interest expense)	-16,120	-7,505		
Actuarial gains and losses arising on changes in demographic assumptions	-1,871		7,100	-11,400
Actuarial gains and losses arising on changes in financial assumptions	28,162	-4,420	217,309	-16,738
Other	-5,566		-189,900	152,600
Total Other Comprehensive Income & Expenditure	4,605	-11,925	34,509	124,462
Total Charge to the CIES	11,854	-535	92,009	179,262
	Local Government Pension Scheme		Police Pension Scheme	
	£000		£000	
	2016/17	2017/18	2016/17	2017/18
Net Charge to the CIES Surplus/Deficit	7,249	11,390	57,500	54,800
Movement in Reserves Statement				
<i>Adjustments between Accounting & Funding Basis:</i>				
Reversal of net charges made for retirement benefits in accordance with the code	-7,249	-11,390	-57,500	-54,800
Actual amount charged against the General Fund Balance for pensions in the year:				
Employer's contributions payable to scheme	4,379	4,689		
Retirement benefits payable to pensioners			28,309	30,562
Actual Costs	4,379	4,689	28,309	30,562

The re-measurement of 'other experience' (£152.6m in 2017/18) reflects any experience not expressed in the other re-measurement items; movements in membership data that were different to those assumed in the prior year. This can include, for example:

- Actual level of salary increases being higher than expected over the previous accounting period. This will lead to a negative liability 'experience' item (i.e. higher past service liabilities);
- Actual pension increases being higher than anticipated (for deferred pensions and pensions in payment), again leading to a negative experience item;
- Any membership movements (i.e. new entrant levels, withdrawals, ill health retirements, injury retirements etc.) different to those assumed within the previous valuation will contribute positively or negatively to the asset and liability 'experience' items.

The actual payments made by the Police and Crime Commissioner's Group for employer's contributions 2017/18 are £4.689 million to Wiltshire Council for the Local Government Pension Scheme (£4.379m 2016/17) and £8.880 million to the Police Pension Scheme (£9.015m 2016/17). The main reason this differs from the £30.562 million above is a further £21.682 million contributions funded by Home Office grant (£19.294 million 2016/17).

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
	2016/17	2017/18
<i>Local Government Pension Scheme</i>		
Present value of defined benefit obligation	-180,435	-189,617
Fair value of plan assets	130,121	144,527
Net Liability – Local Government Pension Scheme	-50,314	-45,090
<i>Police Officer Pension Scheme</i>		
Present value of defined benefit obligation	-1,101,400	-1,250,100
Fair value of plan assets		
Net Liability – Police Officer Pension Scheme	-1,101,400	-1,250,100
Total Net Liability arising from defined benefit obligation	-1,151,714	-1,295,190

The liabilities show the Group's commitment for future payment of retirement benefits. The total deficit of £1,295m for 2017/18 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 31st March 2018 are as follows:

	<u>Police staff</u>		<u>Police officers</u>	
	£000	£000	£000	£000
Reconciliation of Present Value of Scheme Liabilities				
	2016/17	2017/18	2016/17	2017/18
Opening Entry	-150,168	-180,435	-1,037,700	-1,101,400
Current Service Costs	-5,680	-10,009	-20,800	-25,600
Interest (cost)	-5,325	-4,802	-36,200	-28,600
Members Contributions	-1,548	-1,627	-4,800	-4,600
Re-measurement gain/(loss):				
• Actuarial gains/losses arising from changes in demographic assumptions	1,871		-7,100	11,400
• Actuarial gains/losses arising from changes in financial assumptions	-28,187	4,471	-216,900	16,400
• Other	5,566		189,900	-152,600
Past Service Costs	-48	-5	-500	-600
Transfers in/out			-100	-200
Settlements/Curtailments				
Benefits Paid	3,084	2,790	32,800	35,700
Surplus/Deficit	-180,435	-189,617	-1,101,400	-1,250,100
Reconciliation of Fair Value of Scheme Assets				
Opening Entry	107,329	130,121		
Interest Income	3,804	3,426		
Re-measurement gain/(loss):				
• Return on plan assets (excluding the amount included in net interest expense)	16,120	7,505		
• Other				
Transfers in/out			100	200
Employer Contributions	4,404	4,638	27,900	30,900
Members Contributions	1,548	1,627	4,800	4,600
Benefits Paid	-3,084	-2,790	-32,800	-35,700
Surplus/Deficit	130,121	144,527	0	0

Additional Information about the Defined Benefit Obligation:

Local Government Pension Scheme	Liability Split		Duration
	£000's	Percentage	
Active Members	108,284	57.1%	25.1
Deferred Members	43,065	22.7%	26.4
Pensioner Members	38,268	20.2%	11.6
Total	189,617	100.0%	21.3

Police Officer Pension Scheme	Liability Split		Duration
	£000's	Percentage	
Active Members	453,100	37.5%	25.4
Deferred Members	55,800	4.6%	24.8
Pensioner Members	699,200	57.9%	12.1
Total	1,208,100	100.0%	17.7

Injury Pensions	Liability Split		Duration
	£000's	Percentage	
Contingent Injuries	22,700	54.0%	25.4
Injury Pension Liabilities	19,300	46.0%	15.8
Total	42,000	100.0%	21.0

Assumptions to Estimate Assets and Liabilities

For 2017/18, the Police Pension Scheme and the Local Government Scheme have been assessed on a projected basis, by Hymans Robertson, using the full actual valuation as at 31 March 2017. The following assumptions were used to calculate the components of the pensions.

Pension Scheme Basis for Estimating				
	LGPS		All Police Schemes	
	2016/17	2017/18	2016/17	2017/18
Long term expected rate of return on assets in the scheme:				
Equity Investments	2.6%	2.7%		
Bonds	2.6%	2.7%		
Property	2.6%	2.7%		
Cash	2.6%	2.7%		
Mortality assumptions:				
Longevity for current pensioners:				
Men	22.5	22.5	30.2	29.5
Women	24.9	24.9	31.7	31.5
Longevity for future pensioners:				
Men	24.1	24.1	31.6	30.8
Women	26.7	26.7	33.2	32.8
Market Derived RPI			3.4%	3.4%
Rate of Increase in salaries	2.7%	2.7%	3.4%	3.4%
Rate of Increase in pensions	2.4%	2.4%	2.4%	2.4%
Rate for discounting scheme liabilities	2.6%	2.7%	2.6%	2.7%

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 April – March 2018 was 8.4% (17.8% April – March 2017)

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 2018 is £144.528m (£130.121m March 2017).

Local Government Pension Scheme Assets Comprised:

	31 March 2017			31 March 2018		
	£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
Cash and Cash Equivalents	967	0	967	1,074	0	1,074
Equity Securities:						
Consumer	2,701	0	2,701	3,000	0	3,000
Manufacturing	2,011	0	2,011	2,234	0	2,234
Energy and Utilities	0	0	0	0	0	0
Financial Institutions	368	0	368	409	0	409
Health and Care	582	0	582	646	0	646
Information Technology	13,362	0	13,362	14,841	0	14,841
Other	1,088	0	1,088	1,208	0	1,208
<i>Sub-total</i>	20,112	0	20,112	22,338	0	22,338
Debt Securities:						
Corporate Bonds (investment grade)	0	0	0	0	0	0
Corporate Bonds (non-investment grade)	0	0	0	0	0	0
UK Government	0	0	0	0	0	0
Other	0	0	0	0	0	0
<i>Sub-total</i>	0	0	0	0	0	0
Real Estate:						
UK Property	0	13,647	13,647	0	15,158	15,158
Overseas Property	0	2,973	2,973	0	3,302	3,302
<i>Sub-total</i>	0	16,620	16,620	0	18,460	18,460
Investment Funds and Unit Trusts:						
Equities	0	68,462	68,462	0	76,041	76,041
Bonds	0	21,301	21,301	0	23,660	23,660
Hedge Funds	0	0	0	0	0	0
Commodities	0	0	0	0	0	0
Infrastructure	0	2,298	2,298	0	2,552	2,552
Other	0	362	362	0	403	403
<i>Sub-total</i>	0	92,423	92,423	0	102,656	102,656
Derivatives:						
Foreign Exchange	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total Assets	21,079	109,043	130,121	23,412	121,116	144,528

Sensitivity Analysis

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

Police Officer Pension Schemes - Change in assumptions at year ended 31 Mar 2018	Approx % increase to employer liability	Approx monetary amount (£000)
0.5% decrease in real discount rate	9%	116,473
1 year increase in member life expectancy	3%	37,503
0.5% increase in the salary increase rate	1%	12,653
0.5% increase in the Pensions Increase Rate (CPI)	8%	97,940

Local Government Pension Scheme - Change in assumptions at year ended 31 Mar 2018	Approx % increase to employer liability	Approx monetary amount (£000)
0.5% decrease in real discount rate	12%	23,471
0.5% increase in the salary increase rate	2%	4,010
0.5% increase in the Pensions Increase Rate (CPI)	10%	19,128

For the LGPS, the actuaries have reviewed the member life expectancy as a principle demographic assumption and estimate that a one year increase in life expectancy would approximately increase the employer liability by around 3-5%. They have stated that in practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption; whether changes to survival rates predominantly apply at younger or older ages.

Contributions Expected

The projected amount to be charged to Income and Expenditure for the year to 31 March 2019 is as follows:

Local Government Pension Scheme	Assets	Obligations	Net (Liability)/Asset	
	£000's	£000's	£000's	% of pay
Current Service Cost		9,641	-9,641	-38.8%
Past Service Cost inc curtailments				
Effect of Settlements				
Total Service Cost		9,641	-9,641	-38.8%
Interest Income on Plan Assets	3,987		3,987	16.1%
Interest cost on Defined Benefit Obligation		5,271	-5,271	-21.2%
Total Net Interest Cost	3,987	5,271	-1,284	-5.1%
Total Included in Surplus/Deficit CIES	3,987	14,912	-10,925	-43.9%

Police Officer Pension Scheme	Assets	Obligations	Net (Liability)/Asset	
	£000's	£000's	£000's	% of pay
Current Service Cost		23,600	-23,600	-70.6%
Past Service Cost inc curtailments				
Effect of Settlements				
Total Service Cost		23,600	-23,600	-70.6%
Interest Income on Plan Assets				
Interest cost on Defined Benefit Obligation		33,700	-33,700	-100.9%
Total Net Interest Cost		33,700	-33,700	-100.9%
Total Included in Surplus/Deficit CIES		57,300	-57,300	-171.5%

Contributions expected to be paid to the schemes during the month of April 2018 are as follows:

Police pension scheme employer's contributions: £0.686m: (£8.232m projected for the year)
Police pension scheme member's contributions: £0.384m:(£4.608m projected for the year)

Local Government pension scheme employer's contributions: £0.407m:(£4.884m projected for the year)
Local Government pension scheme member's contributions: £0.143m: (£1.716m 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 2017/18 the net amount payable on the pension fund account before top up grant was £21.682m. A total amount of £15.491m in pension grant was received, leaving a net amount of £6.191m due from the Home Office.

The balance of £6.191m is included within the Balance Sheet of the Group as a debtor

Injury Awards

Wiltshire Police incurs costs relating to Injury Awards for employees forced to leave work through injury. The total cost for 2017/18 was £614,435 (£516,224 2016/17), this was financed through revenue and reserve.

12 Contingent Assets & Contingent Liabilities

Precedents set in other forces for claims relating to officer's overtime give rise to potential claims from Wiltshire police officers. No claims have been made at Wiltshire Police to date; the maximum liability is not measurable so no provision has been made in the accounts.

Nationally Chief Constables and the Home Office have claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the transitional provisions in the Police Pension Regulations 2015. The tribunal has yet to set a date for a preliminary or substantive Police hearing. Legal advice suggests that there is a strong defence against these claims. The quantum and who will bear the cost is also uncertain, if the claims are partially or fully successful. So far only limited claims have been brought against the Police and Crime Commissioner for Wiltshire and Swindon. For these reasons, no provision has been made in the 2017/18 Statement of Accounts.

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

2016/17 £000	Fund Account (Note 11 provides further information)	2017/18 £000	2017/18 £000
7,324	Contributions Receivable		
183	Employer (21.3% contributions)	7,133	
657	Other Bodies	159	
4,816	Early Retirements (Ill Health)	379	
12,980	Members	4,638	12,310
90	Transfers In from other schemes	255	255
	Benefits Payable		
25,627	Pensions	27,010	
7,598	Commutations	7,996	
128	Lump Sum Death Benefits	65	
33,353			35,071
	Payments to and on account of leavers		
8	Refunds of contributions	10	
	Scheme Pays	137	
8	Transfers out to other schemes		146
20,291	Net amount payable for the year		22,653
-997	Additional contribution from the local policing body*		-971
19,294	Transfer from Police Fund to meet Pension Fund deficit		21,682
0	Net amount receivable for year		0

Net Assets Statement

The accounting treatment of the top-up grant results in a zero net amount receivable from Central Government with no amounts owing to pensioners at 31 March 2018, therefore there is no requirement for a Net Assets Statement.

*There is an adjustment of 2.9% to the cashflow due to a reduction in the employer contribution rate for police pension schemes in 2017/18 being reflected in HMT pensions top up funding.

The Pension Fund Account statement does not take account of liabilities to pay pensions and other benefits after the period end. Details of the Group's long-term pension obligations can be found in Note 11.

Glossary

Accounting Period	The period of time covered by the accounts, for Wiltshire PCC this is 1 st April to 31 st March.
Accounting Policies	The principles, rules and practices that guide how events and transactions are recognised, measured and presented in the financial statements.
Actuarial Valuation (Pensions)	An independent report on the financial status of the Pension Fund, which reports the current estimated cost of fulfilling the PCC's future pensions liabilities
Amortisation	The measurement of the use of an intangible asset over its economic life.
CC	Chief Constable for Wiltshire
Capital Expenditure	Expenditure on the acquisition or construction of significant assets such as land and buildings which have a long term value to the PCC.
Capital Grants	Grant income received by the PCC in support of the planned Capital Expenditure.
Capital Receipts	Income from the sale of capital assets.
Carrying Amount	The value for which an asset or liability is represented in the Balance Sheet.
CIPFA	Chartered Institute of Public Finance and Accountancy. A public body that provides guidance for accounting in the public sector.
Collection Fund	The fund maintained by councils for the collection and distribution of local Council Tax receipts. Police precepts are met from these funds.
Contingency	A sum of money set aside to meet unexpected costs.
Contingent Liability	A possible obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured reliably.
COPLAA	CIPFA's Code of Practice on Local Authority Accounting in the UK.
Corporate and Democratic Core	Central activities which the police force engages in specifically because it is an elected authority. There is no basis for apportioning these costs over the individual services.
Creditors	Amounts owed by the PCC for goods or services received but where payment has not yet been made.
Current Assets	Assets that can be readily converted into cash within a short timescale (12 months)
Current Liabilities	Amounts owed by the PCC which are due to be settled in a short timescale (12 months).
Debtors	Amounts due to be paid to the PCC but not yet paid.
Depreciation	The measurement of the use of a tangible asset over its economic life.
Fair Value	The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measured date.
FRC	Financial Reporting Council
GAAP	Generally Accepted Accounting Practices.
GAD	The Government Actuaries Department (GAD) provides actuarial analysis and advice to the public sector.
IAS	International Accounting Standards.
IFRS	International Financial Reporting Standards.
Inventory	The amount of unused or unconsumed stock held for future use.
IPSAS	International Public Sector Accounting Standards.
Impairment	A reduction in the value of an asset due to physical damage or a significant reduction in the market value.
LAAP	Local Authority Accounting Panel that provides guidance on specific issues and accounting developments.
Market Value	The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

MRP (VRP)	Minimum Revenue Provision/Voluntary Revenue Provision. An amount set aside each year to finance repayment of debt, In the case of Wiltshire PCC, this refers to the payment of the Finance Cost relating to the Swindon PFI over the course of the contract.
NPCC	National Police Chief's Council (replaces ACPO)
Non Current Assets	Assets that provide benefits to the PCC for a period of more than one year.
Non Distributed Costs (NDC)	Central overheads which cannot be apportioned over services.
OPCC	Office of the Police and Crime Commissioner.
PCC	Police and Crime Commissioner
PCC Group	This refers to the Police and Crime Commissioner and the Chief Constable as a group.
PFI	A private finance initiative (PFI) is a public sector infrastructure project funded with private sector capital.
Precept	A levy collected by the Councils from council taxpayers on behalf of the PCC.
Provisions	Amounts set aside to meet liabilities or losses which are likely to be incurred, but where the actual sum and timing are uncertain.
RCCO	Revenue Contribution to Capital Outturn
Reserves	Funds set aside by the PCC to meet the cost of future expenditure.
Running Costs	General expenditure incurred in the use of premises, transport and equipment such as costs of electricity.
Specific Grant	Grant funding provided to the PCC for use on specific projects.
SSAP	Statements of Standard Accounting Practices.
Third Party Payments	Payments made by the PCC for specialist or support services provided by outside contractors and other bodies.