
The Chief Constable for Wiltshire

Statement of Accounts



2018/2019

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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 2018/19 and the Accounts and Audit Regulations 2015.

The accounts, which follow, show the Chief Constable's (CC) financial results for 2018/19. Comparative figures for 2017/18 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 2018, 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 £21m 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.

2018/19 Control Strategy priorities:

- Modern Slavery & Human Exploitation
- Child Sex Abuse & Exploitation
- Organised Criminality & County Lines
- Domestic Abuse
- Youth Offending & Emerging Gang Culture

There are clear themes running throughout the priority areas – 'Cyber Capabilities' and 'Vulnerability and Exploitation'. Digital technology is used to carry out offending in all the above areas and at the heart of all of the above are vulnerable victims, witnesses or offenders that are often being exploited.

The Control Strategy is a means of providing additional focus on some of the areas that have the greatest threat, harm and risk to the local communities or present the biggest gaps in terms of intelligence or understanding.

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 2018/19 HMICFRS 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 reducing crime and keeping people safe is good.
- The extent to which the force operates efficiently and sustainably is good.
- The extent to which the force treats the public and its workforce legitimately is good.

Events that Impact the 2019/20 Accounts

On Sunday 4th March 2018 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. In 2018/19 costs of £10m have been incurred, these have been funded by specific grant from the Home Office.

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 2019.
- **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 2018/19 was £204.336 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 January 2019. These identified a shortfall of £3.304m and £14.246m between 2018/29 and 2022/23. These shortfalls are due to increasing costs whilst funding remains cash neutral. This will change when the actual funding for future years is announced in 2019.

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: 18th July 2019

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 2019 and its income and expenditure for the year ended 31 March 2019. Events that have occurred after the balance sheet date have been considered to the date of approval.

C. Barker
Chief Finance Officer

Date: 18th July 2019

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 2019.

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.

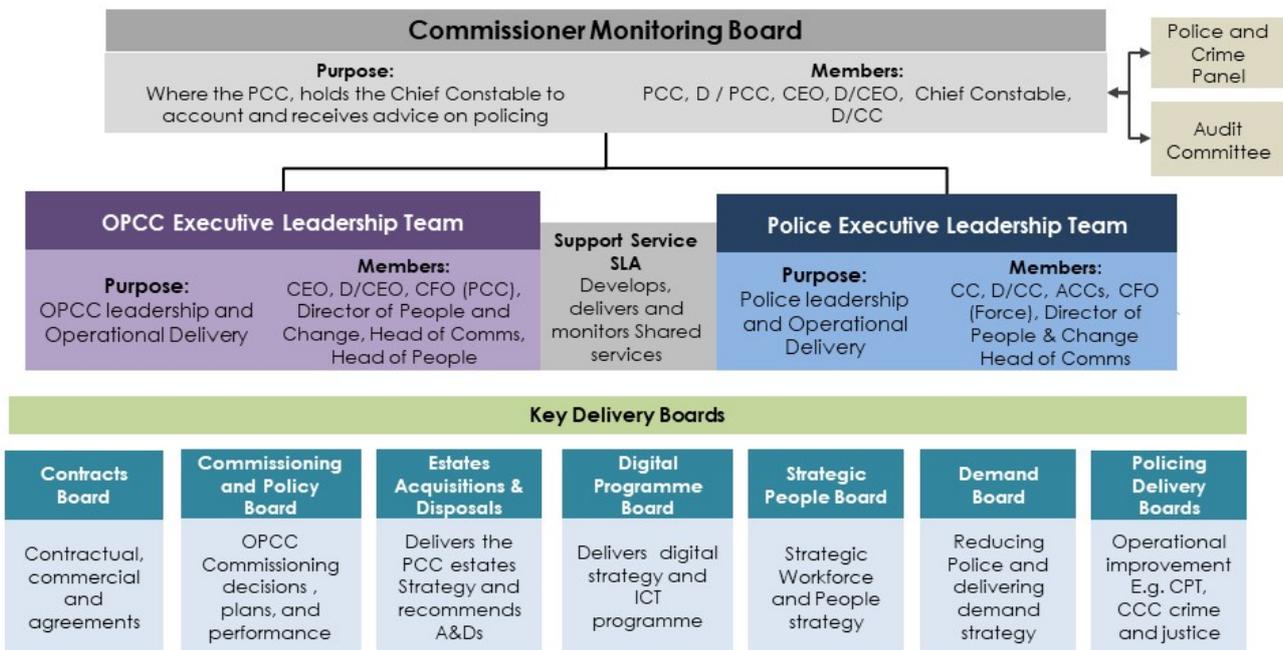
The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It is an ongoing process designed to identify and prioritise the risks to the achievement of the CC and PCC's policies, aims and objectives, to evaluate the likelihood of those 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 2018-19.

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.

Wiltshire OPCC & Wiltshire Police Integrated Governance & delivery arrangements



The principal areas that comprise the governance framework are:

- The Commissioner’s Monitoring Board
- Strategic Delivery and Transformation SCT
- The Joint 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. CMB is attended by the PCC, the Deputy PCC, the PCC’s Chief Executive, the PCC’s Deputy Chief Executive, the Chief Constable, the Deputy Chief Constable and the joint Chief Finance Officer. Other officers are invited to attend as necessary. 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. This tool is currently being enhanced (with QlikSense). 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 PCC or a member of the Office of the PCC attends the meeting which is chaired by the Chief Constable. It receives updates on priority items and exception reports. Matters are reported to the Force Executive Leadership 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.

Independent Advisory Group's (IAGs) are now set up in each Community Police Team (CPT) Area and centrally. These provide an independent perspective on issues. As critical friends, IAG members constructively advise and challenge Wiltshire Police on policies, procedures and practices and advise the Force on how to do better for all. Specific tasks might involve a critical assessment of an operation, policy or incident. For instance IAG's have been consulted on the introduction of spit guards within the force and provided an insightful and alternative view point which allowed a more considered approach to the media releases around this contentious piece of equipment. The Equality & Diversity Strategy has also been provided to the IAG in draft format and feedback has been provided which has been used to shape the final policy.

Members of the IAG's are positive about the work the police do and are committed to improving the way we engage with our communities. They are also committed to IAG's becoming involved in major or critical incidents as and when the need arises. The Major Incident Manager is coordinating some table top exercises to better prepare IAG members for this type of work.

IAG's have provided a significant contribution to Wiltshire Police in terms of hearing the community voice and encouraging challenge and debate. It is recognised that local, CPT based, IAG's are still evolving. Over the next 12 months we will further develop IAG's to continue to better understand and tailor our response to our communities. 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; The Force's performance strategy sets out how the organisation assesses performance in a way that is insightful, meaningful and enables senior leaders to make decisions that help the force improve. 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 450 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 2018-19 will be prepared and presented to the Police and Crime Panel. Some points of note in 2018-19 include:

- Between January 2018 and December 2018, Wiltshire Police recorded 42,685 crimes overall, a decrease of 3.1% compared to a national increase of 8.4%. Nationally, recorded crime is increasing as forces continue to improve their crime recording processes. Wiltshire was one of the early adopters of this and as a result, is starting to see reductions approximately 18 months ahead of the national trend and has one of the lowest crime rates in the country
- 2018 was an exceptional year in Wiltshire, not only due to the incidents in Salisbury, but because in July it experienced the highest volume of 999 calls in its history. Despite this, Wiltshire has maintained consistently good call handling and response time performance, answering a 999 call on average within 4 seconds and attending an emergency incident within 10 minutes and 39 seconds.

The Force has recently purchased QlikSense. This tool will be used to enable front line staff and first line managers to self-serve important information that will help them make informed decisions and improvements. This then enables our analysts to focus on providing key insight and recommendations to senior leaders at our boards, aligned to the Wiltshire 2025 programme approach. Overall governance of the performance framework and exceptions are presented at the monthly Strategic Delivery and Transformation (SD&T) Board which is chaired by the Chief Constable.

On a quarterly basis, the Police and Crime Commissioner provides a performance report to the Police and Crime Panel which is a public document and contains his assessment of the performance of Wiltshire Police against his Police and Crime Plan 2017-21.

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 2018-19 under the PEEL inspection, the outcome reported on the HMIC website is:

<p>Effectiveness (How effective is the force at keeping people safe and reducing crime)</p>
<p>Wiltshire Police is good at preventing and investigating crime, and at protecting vulnerable people. It needs to improve how it tackles serious and organised crime (SOC).</p> <p>The force understands vulnerability well. It could improve its supervision of control room staff by taking more dip-samples of audio files.</p> <p>The force responds well to incidents involving vulnerable people, especially domestic abuse victims. Officers understand their responsibilities in safeguarding children. The force uses its legal powers, such as Clare's Law, to protect victims of domestic abuse. It surveys all domestic abuse victims.</p> <p>The force has enough case handlers to manage violent and sexual offenders and registered sex offenders. It tracks down offenders who view indecent images of children online.</p> <p>Wiltshire Police needs to improve how it tackles SOC. It understands the level of threat well and now maps all organised crime groups promptly. But it needs to improve its prevention of SOC. Because the force does not complete disruption assessments, it cannot check its success in disrupting crime and learn what works best. It is too soon to know whether recent changes have improved how well the force works with other agencies in exchanging intelligence on SOC.</p>
<p>Efficiency (How efficiently does the force operate and how sustainable are its services to the public?)</p>
<p>Wiltshire Police is good at planning to meet both current and future demand.</p> <p>The force looks at previous trends and uses this to predict demand. These demand projections help managers plan how to make best use of their workforce. Since our 2017 inspection, the force has used analysis of demand to improve its response to non-emergency calls by changing shift patterns and numbers of call room staff.</p> <p>The force is working hard to engage with the community. But it needs to update its technology to offer the public better ways of making contact, such as online. The force has processes in place to manage the competing priorities it faces. It is still evaluating future workforce needs to address likely skills gaps. It has faced an increase in officers leaving the service but is investing in recruitment. It expects to return the force to its planned numbers in 2018/19.</p> <p>Wiltshire Police is working to increase its diversity. The Department for Work and Pensions has recognised the force's support for people with disabilities. More black, Asian and minority ethnic (BAME) people are gaining employment and now make up 2.6 percent of the workforce.</p> <p>The force's financial, service and delivery plans focus on frontline staffing. A medium-term financial plan sets out the framework until 2022</p>
<p>Legitimacy (How legitimately does the force treat the public and its workforce?)</p>
<p>Wiltshire Police's leaders and workforce understand and promote the force's values and ethics. Members of the workforce undertake an annual integrity health check and can refer any ethical concerns to the ethics board (an assessment rating of Good)</p> <p>The force is making progress with meeting national recommendations on vetting. It has increased the vetting unit's capacity and is prioritising high-risk posts. But it is still not evaluating its vetting decisions to see if they are affecting recruitment from diverse groups.</p> <p>The force tackles internal corruption adequately but it could improve its monitoring of ICT systems. The counter corruption assessment also needs updating.</p>

Supervisors are alert to warning signs of abuse of position for a sexual purpose and refer cases appropriately.

Wiltshire Police treats its workforce fairly. It has made progress in seeking feedback and challenge. The force is trying to encourage more diverse applicants. The force understands wellbeing. It provides health screening and health promotion, a full-time mental health nurse, and wellness training for managers. A recent survey showed officers' morale was among the highest in any force.

A new electronic personal development review means officers and staff can track their performance and career development. Several initiatives give staff and officers the chance to improve their skills. The workforce sees the promotion process as fair.

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

By using HMICFRS'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. A presentation has been produced which ideas areas for further investigation. 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.

HMICFRS have also audited a special grant application this year for the Salisbury and Amesbury incidents. No issues were identified.

Internal Audit – The PCC and CC have a contract with the South West Audit Partnership to provide an internal audit service in 2018-19. 100 days of audit were planned and delivered covering 11 areas, predominantly drawn from areas of high risk. Out of these 4 are non-opinion reports. For the remaining 7 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.

Three internal audit received 'Partial Assurance'. These surrounded ANPR, ICT Resource Levels and Security of Digital Evidence (CPS/CJS digital work), no audits were graded 'No Assurance'. Improvements on the 'Partial Assurance' areas are on-going with close monitoring occurring via the Joint Independent Audit Committee. Whilst the number of partial assurance reports has risen from 2 to 3 this is an environment where Internal Audit are used as a management tool to check and identify whether issues exist in areas where the executive management are unsighted or may have concerns.

The remaining audits all achieved an assurance level of substantial or reasonable suggesting an effective control environment. This is confirmed by the overall opinion from the Internal Auditors of 'reasonable assurance' surrounding the control framework.

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 July 2018. 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 Joint 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 the significant governance issue identified last year. This is no longer considered a significant governance issue.

No.	Issue	Progress
1.	<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>Operation Fairline (the Salisbury incident) has seen the force react in acquiring public support and receiving positive national feedback however it was expected to impact on the forces ability to deliver the Police and Crime Plan. The risk register identified a resourcing risk associated with the long term implications of the incident (i.e. impact on staff undertaking long hours and cancelling leave). 12 months post the incident major issues have not occurred and concerns have reduced (the risk score reduced). The Force will continue to monitor the situation and react if appropriate.</p> <p>The budget settlement also allowed growth in the frontline which, once trained, will also assist in delivering the plan.</p> <p>The deliverables in the plan continue to be monitored with appropriate controls in place. The risk of non-delivery has reduced and as such is no longer considered a significant governance risk.</p>

Over the coming year risks will be monitored and where appropriate action taken to further enhance our governance arrangements.

Signed

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 2019 which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies, and include the police pension fund financial statements comprising the Wiltshire Police Pensions 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 2018/19.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2019 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 2018/19; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

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.

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 audit 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.

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 issue a report 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 make 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 make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

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 2018/19, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance 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 there is an intention by government that the services provided by the Chief Constable will no longer be provided.

The Chief Constable is Those Charged with Governance. Those charged with governance are responsible for overseeing the financial reporting process.

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 2019.

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 2019.

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 for Wiltshire in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

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.

Iain Murray, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

London

14 August 2019

Comprehensive Income and Expenditure Statement for the Chief Constable of Wiltshire Police 2018/19

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 2017/18 £'000		Gross Expenditure 2018/19 £'000	Gross Income 2018/19 £'000	Net Expenditure 2018/19 £'000
	See also Note 3 and note 4			
138,973	Police Services	204,336		204,336
138,973	Net Cost of Police Services before intra group funding			204,336
-138,973	Intra Group Funding			-204,336
	Net Cost of Police Services			
29,976	Pension Net Interest Note 11			35,701
-29,976	Intra Group Funding (Pension Net Interest) Note 11			-35,701
	(Surplus)/Deficit on the Provision of Services			
112,537	Re-measurement of the net defined benefit liability/(asset) Note 11			10,471
-112,537	Intra Group Funding (Pensions re-measurement of the net defined benefit liability/(asset)) Note 11			-10,471
	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 2017	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 as at 31 March 2018 Brought Forward	0	0	0	0	0	0
Movement in reserves during 2018/19						
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 2018/19	0	0	0	0	0	0
Balance as at 31 March 2019 Carried Forward	0	0	0	0	0	0

Balance Sheet for the Chief Constable of Wiltshire Police as at 31 March 2019

31 March 2018 £000		31 March 2019	
		£000	£000
0	Property, Plant & Equipment	0	
0	Investment Property	0	
1,295,190	Long Term Debtor - Pensions	1,395,591	
1,295,190	Total Long Term Assets		1,395,591
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	
-1,295,190	Liability Related to Defined Benefit Pensions Scheme.	-1,395,591	
-1,295,190	Total Long Term Liabilities		-1,395,591
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. 18th July 2019

Cash Flow Statement

2017/18 £000		2018/19 £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 2018/19, the Service Reporting Code of Practice 2018/19 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 2018, 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 2018/19 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. For 2018/19, due to unexpected operational demand, the maximum annual leave carry over was extended to 10 days. 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 2018/19 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 £1.495 million accrual for employee leave entitlements carried over at 31 March 2019. For 2018/19 there is a £0.121 million decrease in the net cost of services where the accrual has increased from £1.616 million in 2017/18, 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 18.2% of pay were paid into the fund by the CC for Wiltshire for the year 2018/19; this contribution will remain at 18.2% for 2019/20 with an additional lump sum of £293,000 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.

1.11 Revenue from Contracts with Customers

For 2018/19, the Code of Practice adopts IFRS 15 which requires 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. The Chief Constable for Wiltshire has no material items that would require additional disclosures under IFRS 15.

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 2018/19 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'.

2018/19	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
	2018/19 £'000	2018/19 £'000	2018/19 £'000	2018/19 £'000	2018/19 £'000	2018/19 £'000
Police Services	129,605	-711	75,563	-121	74,731	204,336
Office of the Police and Crime Commissioner						
Net Cost of Services before intra group funding	129,605	-711	75,563	-121	74,731	204,336
Intra Group Funding	-129,605	711	-75,563	121	-74,731	-204,336
Net Cost of Police Services						
Other Income and Expenditure			35,701		35,701	35,701
Intra Group Funding			-35,701		-35,701	-35,701
Surplus or Deficit						
Opening General Fund Balance						
Less/Plus Surplus or (Deficit) on General Fund in Year						
Closing General Fund Balance at 31 March						

2017/18	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
	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						

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 2017/18	Adjustments between the Funding and Accounting Basis	General Fund 2017/18		CIES 2018/19	Adjustments between the Funding and Accounting Basis	General Fund 2018/19
£'000	£'000	£'000		£'000	£'000	£'000
44,968		44,968	Police Pay and allowances	47,637		47,637
25,600	-17,334	8,266	Police Officer Pensions	23,600	-15,312	8,288
39,084	-5,320	33,764	Staff Pay and allowances	43,452	-5,697	37,755
1,488	-315	1,173	Other employee expenses	941	121	1,062
4,216	469	4,685	Premises	4,453	509	4,962
2,379	0	2,379	Transport	2,786	0	2,786
9,894	0	9,894	Supplies and Services	10,979	0	10,979
6,727	89	6,816	Third Party Payments	11,071	86	11,157
3,632	-1,341	2,291	Capital Finances	3,813	116	3,929
605	-605		Net Pensions Interest & Past Service costs	55,147	-55,147	
380	614	994	Injury Payments	457	593	1,050
138,973	-23,743	115,230	Total Financial Resources Consumed at request of Chief Constable	204,336	-74,731	129,605
-138,973	23,743	-115,230	Intra Group Adjustment	-204,336	74,731	-129,605
			Net Cost of Services			
29,976	-29,976		Pension Net Interest	35,701	-35,701	
-29,976	29,976		Intra Group Funding (Pension interest cost & expected return on assets)	-35,701	35,701	
			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 2017/18	Number of Employees 2018/19
50,000 - 54,999	70	114
55,000 – 59,999	39	78
60,000 – 64,999	5	22
65,000 – 69,999	3	8
70,000 – 74,999	5	14
75,000 – 79,999	4	5
80,000 – 84,999	3	4
85,000 – 89,999	2	3
90,000 – 94,999		
95,000 – 99,999		
100,000 – 104,999		1
105,000 – 109,999		1
110,000 – 114,999		
115,000 – 119,999	2	
120,000 – 124,999	1	
125,000 – 129,999		1
140,000 – 144,999	1	
145,000 – 149,999		
150,000 – 154,999		
155,000 – 159,999		1
Total	135	252

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 2018/19, a total of £1.598m was recharged to external establishments for officers and staff on secondment (£1.245m 2017/18). As at 31st March 2019 there were 26 employees working in external areas on secondment (20 as at 31st March 2018).

11 of the officers included in the bandings over £50,000 were seconded out to other Forces or Government organisations as at 31 March 2019 (4 seconded officers included for 2017/18).

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 2018/19 and comparative information from 2017/18. 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 2018/19 Clive Barker was in the role of Chief Finance Officer for both the Chief Constable and the Police and Crime Commissioner. For the remunerations classifications purposes Clive is an employee of the PCC and his remunerations are disclosed in the Group accounts.

A number of changes occurred to senior roles during 2018/19:

During 2018/19 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 2018/19:

G Williams became Acting Chief Constable for Wiltshire Police on the 8th May 2018.

D Smith acted up as Assistant Chief Constable for Wiltshire Police from 2nd January 2019.

Senior Officer Remunerations 2018/19

Post Holder Information	Name	Salary (including fees & Allowances)	Bonuses	Expenses	compensation for loss of office	Benefits in Kind	Total Remuneration excluding pension contributions 2018/19	Pension Contributions	Total Remuneration including pension contributions 2018/19
Chief Constable	K. Pritchard	145,285		2,465		9,360	157,111	28,607	185,717
Deputy Chief Constable	P.Mills	117,543		391		8,420	126,354	27,376	153,731
Assistant Chief Constable	G Williams	98,840		1,986			100,826	23,600	124,426
Assistant Chief Constable	C Holden	106,399		1,101		1,800	109,301	18,921	128,222
Acting Assistant Chief Constable	D Smith	81,251		831			82,082	18,148	100,230

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	Z Durrant	111,938		105		4,462	116,505	20,164	136,669

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	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
£0-£20,000	1		1	2	25	17
£20,001-£40,000				1		30
£40,001-£60,000						
£60,001-£80,000						
£80,001-£100,000						
£100,001-£120,000				1		115

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 2018/19, 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.

2017/18 £000 Expenditure	2017/18 £000 Income	Joint Operation	2018/19 £000 Expenditure	2018/19 £000 Income
620		Black Rock	672	
1,441	47	Brunel MCIT	1,471	50
883		Zephyr	1,086	
4,833		Tri Services	5,111	122
2,496		Forensics	2,450	
700	12	SW Special Branch	716	23
2563	24	Wiltshire Council	2,883	298

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 £2.637m; 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 2019 was £22.6m; Wiltshire's share included in the Balance Sheet was £5.8m.

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 £7.481m; 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 £14.512m.

Avon and Somerset police have a building that is used for the collaboration; this asset is currently owned and accounted for by Avon and Somerset police. Devon & Cornwall police also have a building that is used for the collaboration which is owned and accounted for by Devon & Cornwall 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 £2.006m.

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 £21.377m 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 2018/19 was £17.587m. Wiltshire's total cost was £2.506m 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 £3.691m. Wiltshire's net cost being £0.693m.

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 2018/19 Wiltshire Council received total payments amounting to £2.883m from the PCC for his share of the services, some of which relates to capital projects. Total revenue costs (including projects) amounted to £2.614m.

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 £11,550 (£15,000 17/18); no other external audit fees were payable.

10 Accounting Standards Issued That Have Not Yet Been Adopted

For 2018/19 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 2019/20 Code of Practice in Local Authority Accounting (COPLAA).

- Amendments to IAS 40 *Investment Property: Transfers of Investment Property*
- *Annual Improvements to IFRS Standards 2014 - 2016 Cycle*
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*
- Amendments to IFRS 9 *Financial Instruments: Prepayment Features with Negative Compensation*.

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, in particular the transitional provisions are subject to claims of unlawful discrimination, this is explained further in the 'Transfers between Schemes' section.

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	
	2017/18	2018/19	2017/18	2018/19
Comprehensive Income & Expenditure (CIES)				
<i>Net Cost of Services</i>				
Current Service Costs	10,009	11,049	25,600	23,600
Past Service Costs (Non Distributed Costs)	5	547	600	54,600
Gains and Losses on any Settlements or Curtailments				
<i>Net Operating Expenditure</i>				
Net Interest on plan assets & defined benefit obligation	1,376	1,300	28,600	34,400
Net Charge to the Surplus/Deficit	11,390	12,896	54,800	112,600
<i>Other Comprehensive Income & Expenditure</i>				
Return on plan assets (excluding the amount included in the net interest expense)	-7,505	-8,017		
Actuarial gains and losses arising on changes in demographic assumptions			-11,400	-92,300
Actuarial gains and losses arising on changes in financial assumptions	-4,420	20,375	-16,738	92,014
Other			152,600	-1,600
Total Other Comprehensive Income & Expenditure (Pension Re-measurement of the net defined benefit liability/asset)	-11,925	12,358	124,462	-1,886
Total Charge to the CIES	-535	25,254	179,262	110,714
	Local Government Pension Scheme		Police Pension Scheme	
	£000		£000	
	2017/18	2018/19	2017/18	2018/19
Net Charge to the CIES Surplus/Deficit	11,390	12,896	54,800	112,600
Movement in Reserves Statement				
<i>Adjustments between Accounting & Funding Basis:</i>				
Reversal of net charges made for retirement benefits in accordance with the code	-11,390	-12,896	-54,800	-112,600
Actual amount charged against the General Fund Balance for pensions in the year:				
Employer's contributions payable to scheme	4,689	5,352		
Retirement benefits payable to pensioners			30,562	30,214
Actual Costs	4,689	5,352	30,562	30,214

The re-measurement of 'other experience' of £1.6m in 2018/19 (£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 2018/19 are £5.352 million to Wiltshire Council for the Local Government Pension Scheme (£4.689m 2017/18) and £8.881 million to the Police Pension Scheme (£8.880m 2017/18). The main reason this differs from the £30.214 million above is a further £21.333 million contributions funded by Home Office grant (£21.682 million 2017/18).

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
	2017/18	2018/19
<i>Local Government Pension Scheme</i>		
Present value of defined benefit obligation	-189,617	-224,563
Fair value of plan assets	144,527	159,571
Net Liability – Local Government Pension Scheme	-45,090	-64,992
<i>Police Officer Pension Scheme</i>		
Present value of defined benefit obligation	-1,250,100	-1,330,600
Fair value of plan assets		
Net Liability – Police Officer Pension Scheme	-1,250,100	-1,330,600
Total Net Liability arising from defined benefit obligation	-1,295,190	-1,395,591

The liabilities show the Group's commitment for future payment of retirement benefits. The total deficit of £1,395m for 2018/19 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 2019 are as follows:

	<u>Police staff</u>		<u>Police officers</u>	
	£000	£000	£000	£000
Reconciliation of Present Value of Scheme Liabilities				
	2017/18	2018/19	2017/18	2018/19
Opening Entry	-180,435	-189,617	-1,101,400	-1,250,100
Current Service Costs	-10,009	-11,049	-25,600	-23,600
Interest cost on defined benefit obligation	-4,802	-5,241	-28,600	-34,400
Members Contributions	-1,627	-1,827	-4,600	-4,600
Re-measurement gain/(loss):				
• Actuarial gains/losses arising from changes in demographic assumptions			11,400	92,300
• Actuarial gains/losses arising from changes in financial assumptions	4,471	-20,396	16,400	-92,500
• Other			-152,600	1,600
Past Service Costs	-5	-547	-600	-54,600
Transfers in/out			-200	-200
Settlements/Curtailments				
Benefits Paid	2,790	4,114	35,700	35,500
Surplus/Deficit	-189,617	-224,563	-1,250,100	-1,330,600
Reconciliation of Fair Value of Scheme Assets				
Opening Entry	130,121	144,527		
Interest income on plan assets	3,426	3,941		
Re-measurement gain/(loss):				
• Return on plan assets (excluding the amount included in net interest expense)	7,505	8,017		
• Other				
Transfers in/out			200	200
Employer Contributions	4,638	5,373	30,900	30,700
Members Contributions	1,627	1,827	4,600	4,600
Benefits Paid	-2,790	-4,114	-35,700	-35,500
Surplus/Deficit	144,527	159,571	0	0

Additional Information about the Defined Benefit Obligation:

Local Government Pension Scheme	Liability Split		Duration
	£000's	Percentage	
Active Members	137,357	61.2%	25.1
Deferred Members	49,018	21.8%	26.4
Pensioner Members	38,188	17.0%	11.6
Total	224,563	100.0%	21.3

Police Officer Pension Scheme	Liability Split		Duration
	£000's	Percentage	
Active Members	502,800	39.1%	25.9
Deferred Members	62,100	4.8%	23.7
Pensioner Members	720,200	56.0%	12.4
Total	1,285,100	100.0%	17.9

Injury Pensions	Liability Split		Duration
	£000's	Percentage	
Contingent Injuries	25,100	55.2%	25.9
Injury Pension Liabilities	20,400	44.8%	16.2
Total	45,500	100.0%	21.3

Assumptions to Estimate Assets and Liabilities

For 2018/19, 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 2018. The following assumptions were used to calculate the components of the pensions.

Pension Scheme Basis for Estimating				
	LGPS		All Police Schemes	
	2017/18	2018/19	2017/18	2018/19
Long term expected rate of return on assets in the scheme:				
Equity Investments	2.7%	2.4%		
Bonds	2.7%	2.4%		
Property	2.7%	2.4%		
Cash	2.7%	2.4%		
Mortality assumptions:				
Longevity for current pensioners:				
Men	22.5	22.5	29.5	27.3
Women	24.9	24.9	31.5	29.4
Longevity for future pensioners:				
Men	24.1	24.1	30.8	28.4
Women	26.7	26.7	32.8	30.6
Market Derived RPI			3.4%	3.5%
Rate of Increase in salaries	2.7%	2.8%	3.4%	3.5%
Rate of Increase in pensions	2.4%	2.5%	2.4%	2.5%
Rate for discounting scheme liabilities	2.7%	2.4%	2.7%	2.4%

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 2019 was 7.6% (8.4% April – March 2018)

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 2019 is £159.571m (£144.528m March 2018).

Local Government Pension Scheme Assets Comprised:

	31 March 2018			31 March 2019		
	£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	1,074	0	1,074	1,186	0	1,186
Equity Securities:						
Consumer	3,000	0	3,000	3,313	0	3,313
Manufacturing	2,234	0	2,234	2,466	0	2,466
Energy and Utilities	0	0	0	0	0	0
Financial Institutions	409	0	409	451	0	451
Health and Care	646	0	646	714	0	714
Information Technology	14,841	0	14,841	16,385	0	16,385
Other	1,208	0	1,208	1,334	0	1,334
<i>Sub-total</i>	22,338	0	22,338	25,859	0	25,849
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	15,158	15,158	0	16,736	16,736
Overseas Property	0	3,302	3,302	0	3,646	3,646
<i>Sub-total</i>	0	18,460	18,460	0	20,382	20,382
Investment Funds and Unit Trusts:						
Equities	0	76,041	76,041	0	83,956	83,956
Bonds	0	23,660	23,660	0	26,122	26,122
Hedge Funds	0	0	0	0	0	0
Commodities	0	0	0	0	0	0
Infrastructure	0	2,552	2,552	0	2,818	2,818
Other	0	403	403	0	444	444
<i>Sub-total</i>	0	102,656	102,656	0	113,340	113,340
Derivatives:						
Foreign Exchange	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total Assets	23,412	121,116	144,528	25,859	133,722	159,571

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 2019	Approx % increase to employer liability	Approx monetary amount (£000)
0.5% decrease in rate for discounting scheme liabilities	10%	128,478
1 year increase in member life expectancy	3%	39,919
0.5% increase in the rate of increase in salaries	1%	14,008
0.5% increase in the rate of increase in pensions	8%	105,375

Local Government Pension Scheme - Change in assumptions at year ended 31 Mar 2019	Approx % increase to employer liability	Approx monetary amount (£000)
0.5% decrease in rate for discounting scheme liabilities	13%	28,646
0.5% increase in the rate of increase in salaries	2%	4,436
0.5% increase in the rate of increase in pensions	11%	23,720

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		12,818	-12,818	-45.0%
Past Service Cost inc curtailments				
Effect of Settlements				
Total Service Cost		12,818	-12,818	-45.0%
Interest Income on Plan Assets	3,868		3,868	13.6%
Interest cost on Defined Benefit Obligation		5,515	-5,515	-19.4%
Total Net Interest Cost	3,868	5,515	-1,647	-5.8%
Total Included in Surplus/Deficit CIES	3,868	18,333	-14,465	-50.8%

Police Officer Pension Scheme	Assets	Obligations	Net (Liability)/Asset	
	£000's	£000's	£000's	% of pay
Current Service Cost		25,100	-25,100	-73.2%
Past Service Cost inc curtailments				
Effect of Settlements				
Total Service Cost		25,100	-25,100	-73.2%
Interest Income on Plan Assets				
Interest cost on Defined Benefit Obligation		31,900	-31,900	-93.0%
Total Net Interest Cost		31,900	-31,900	-93.0%
Total Included in Surplus/Deficit CIES		57,000	-57,000	-166.2%

Contributions expected to be paid to the schemes during the month of April 2019 are as follows:

Police pension scheme employer's contributions: £0.890m: (£10.680m projected for the year)
Police pension scheme member's contributions: £0.386m:(£4.632m projected for the year)

Local Government pension scheme employer's contributions: £0.417m:(£5.004m projected for the year)
Local Government pension scheme member's contributions: £0.160m: (£1.920m 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 2018/19 the net amount payable on the pension fund account before top up grant was £21.333m. A total amount of £16.984m in pension grant was received, leaving a net amount of £4.349m due from the Home Office.

The balance of £4.349m 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 2018/19 was £592,575 (£614,435 2017/18), this was financed through revenue and reserve.

Transfers between Schemes

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.

Claims of unlawful discrimination have also been made in relation to changes to the Judiciary and Firefighters Pension regulations. In December 2018 the Court of Appeal (McCloud / Sargeant) ruled that the 'transitional protection' offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination. On 27 June 2019 the Supreme Court refused leave to appeal on the McCloud case.

As a result it is likely that the Court will require changes to arrangements for employees who were transferred to new pension schemes including members of the Police Pension Scheme 2015 and Local Government Pension Scheme. This would lead to an increase in pension scheme liabilities and for accounting purposes, under IAS19, has a material impact to the Statement of Accounts. The impact estimated by the Government Actuaries Department has been included in the PCC's accounts as a past service cost to the Comprehensive Income and Expenditure Statement with an increased liability in the Balance Sheet of £60.355 million.

The actual impact of an increase in scheme liabilities will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to take place in 2020 with implementation of results expected for 2023/24. Whether there will be an increase in employer contributions, and if so how they will be funded is not yet known.

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.

The Police Federation of England and Wales (PFEW) has lodged a judicial review into the lawfulness of the Government's decision to not follow the recommendations of the Police Remuneration Review Body (PRRB) in respect of the 2018 police officer pay award. A hearing is expected in the summer of 2019. Should the hearing find in favour of the PFEW, there is a potential for the 2018 pay award to be re-considered, and the subsequent potential for additional costs to be incurred. In the event that the police officer pay award is re-considered, the police staff pay award would also be re-considered with the potential for further additional costs.

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

2017/18 £000	Fund Account (Note 11 provides further information)	2018/19 £000	2018/19 £000
7,133	Contributions Receivable		
159	Employer (21.3% contributions)	7,151	
379	Other Bodies	161	
4,638	Early Retirements (Ill Health)	457	
12,310	Members	4,629	12,399
255	Transfers In from other schemes	201	201
	Benefits Payable		
27,010	Pensions	28,482	
7,996	Commutations	6,217	
65	Lump Sum Death Benefits	77	
35,071			34,776
	Payments to and on account of leavers		
10	Refunds of contributions	13	
137	Scheme Pays	117	
146	Transfers out to other schemes		131
22,653	Net amount payable for the year		22,306
-971	Additional contribution from the local policing body*		-974
21,682	Transfer from Police Fund to meet Pension Fund deficit		21,333
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 2019, 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 2018/19 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.