

THE CHIEF CONSTABLE FOR SOUTH WALES POLICE

STATEMENT OF ACCOUNTS

FOR THE YEAR
ENDED 31
MARCH 2018

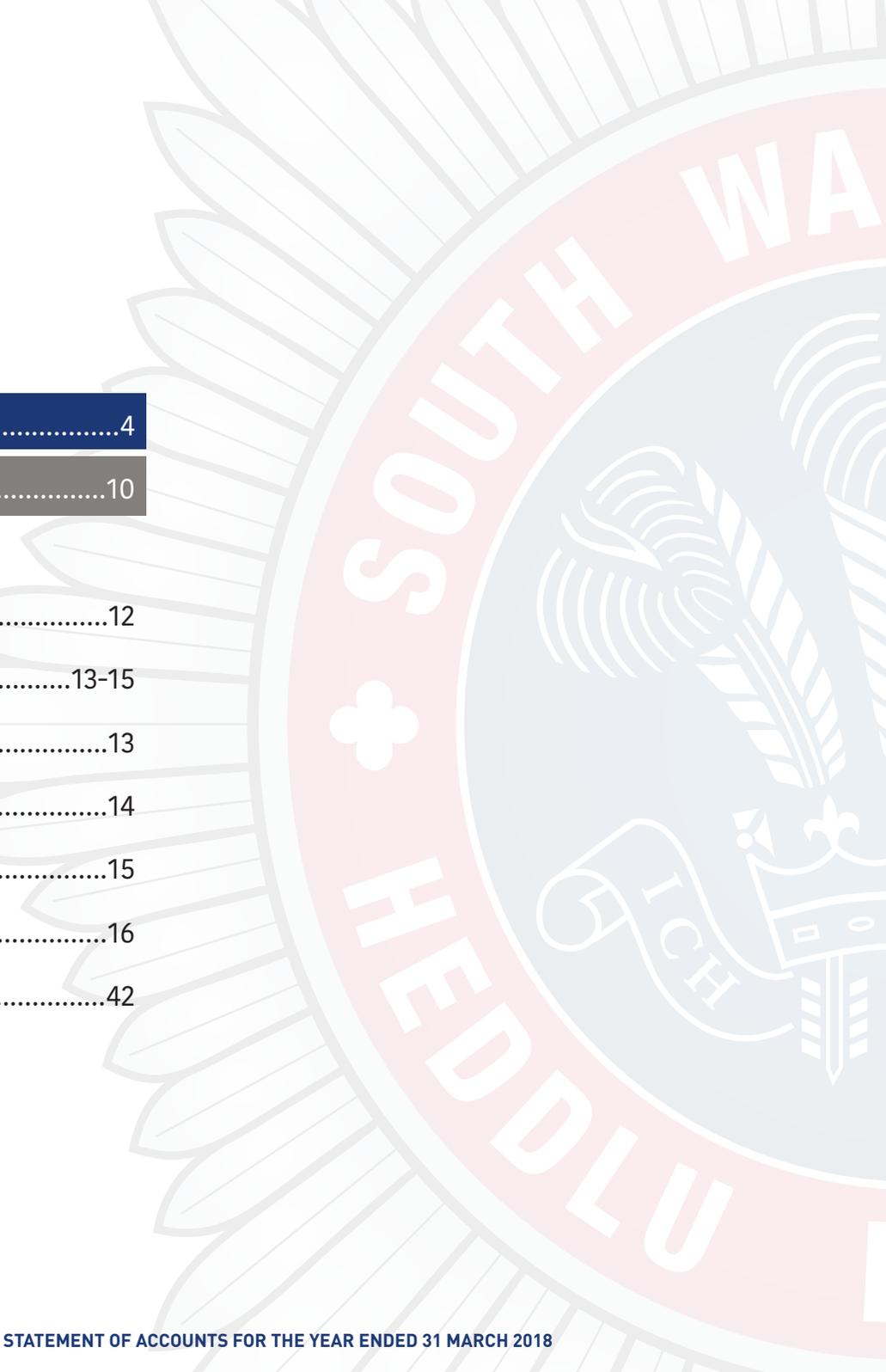




“ SOUTH WALES POLICE
CONTINUES TO BUILD ON
ITS UNDERSTANDING OF
CURRENT AND FUTURE
DEMAND ”

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Introduction

The purpose of the Statement of Accounts is to provide information about the financial position, performance, management accountability of resources, risks and uncertainties of the Chief Constable for South Wales which is useful to a wide range of users. Users of the financial statements may include the public, government, grant-awarding bodies, employees, customers, suppliers and contractors of the Commissioner.

The financial year 2017/18 was the seventh consecutive year of the government imposed austerity programme arising from the comprehensive spending review 2010 (CSR), which sought to address the national budget deficit due to the international banking crises.

The accountability for public resources is documented in the Annual Governance Statement which details the responsibilities of both the Commissioner and the Chief Constable as Corporation Soles. The review of the effectiveness of the governance arrangements is detailed within the Annual Governance Statement that accompanies the Statement of Accounts.

Statutory Framework for the Statement of Accounts

The establishment of the two Corporation Soles requires each body to produce their own Statement of Accounts with the Commissioner producing a Statement of Accounts for the Group and Police Pension Fund. Notwithstanding their formal 'Corporations Sole' status, the relationship between the Commissioner and the Chief Constable is based on working together for the benefit of the people of South Wales under the joint banner of 'South Wales Police'.

The Accounts and Audit (Wales) Regulations 2018, require Local Government Bodies to prepare a Statement of Accounts in accordance with proper practices. The Code of Practice on Local Authority Accounting in the UK is identified as representing proper practices.

The Code applies to Local Government Bodies set out in the Public Audit (Wales) Act 2014 who are required to prepare accounts for audit by the Wales Audit Office. Section 12 of this Act was amended by the Police Reform Social Responsibility Act to replace reference to Police Authorities with Commissioners and Chief Constables.

The Code requires that Local Authorities prepare their financial statements in accordance with the International Accounting Standards Board (IASB)

Framework for the Preparation and Presentation of Financial Statements (the IASB Framework) as interpreted by the Code. The IASB Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users of the accounts. The Statement of Accounts continue to follow International Financial Reporting Standards (IFRS).

Format of the Statement of Accounts

The Statement of Accounts comprises the following:

■ Statement of Responsibilities

Sets out the responsibilities of the Chief Constable and Chief Finance Officer during the production and approval of the Statement of Accounts.

■ Comprehensive Income and Expenditure Statement

This sets out the cost in the year of providing policing services in accordance with International Accounting Standards (IAS) rather than the amount funded from Government Grants and Council Tax.

■ Balance Sheet

The balance sheet sets out the assets, liabilities and reserves held as at 31 March 2018

■ Police Pension Fund Account

This sets out the income and expenditure associated with Police Officer Pensions, such as monthly pension payments and retirement lump sums.

■ Notes to the Accounts

These provide more detailed information on items of income, expenditure, assets, liabilities and reserves that is not practical to show in the main accounting statements detailed above.

Explanation of Main Statements - including intra group transfer of funding

This section explains the requirement for intra group funding between the corporate soles - the Commissioner and the Chief Constable. This focuses on the key elements and further information is provided in the Accounting Policies.

Comprehensive Income and Expenditure Statement

All income and grants are credited to the Police Fund under the responsibility of the Commissioner and taken into account in the intra group transfer to the Chief Constable to finance expenditure.

All usable reserves are similarly held by the Commissioner for future allocations.

All unusable reserves/deficits are held by the Commissioner as certain legislation and government regulations for Local Authority Accounting do not currently apply to the Chief Constable. (Exemptions are required for pension deficits and capital asset depreciation and impairment adjustments, the latter already financed from grants and local taxation but nevertheless required under proper accounting principles as defined by the Code.)

Expenditure is accounted for on a 'direction and control' basis as costs are incurred by both the Chief Constable and Commissioner i.e.:

- Payroll expenditure for police officers and staff are charged to the Chief Constable other than those within the Police and Crime Commissioner's Team.
- Pension costs and future retirement benefits for police officers and staff are similarly charged for on the same basis.
- Non pay costs are charged to the Chief Constable other than those relating to the Police and Crime Commissioner's Team.
- Depreciation of Assets is notionally charged to the Commissioner, on an ownership basis, and recharged for the use of assets to the Chief Constable, which is taken into account in the intra group transfer.

Movement in Reserves Statement

This account is not applicable given that there are no material balances to account for. The (surplus)/ deficit on the provision of services and other comprehensive expenditure net to Nil by means of an intra group transfer to the Commissioner's Police Fund Account. (There are no balances on Reserve or Accounting Adjustments.)

Cash Flow

This account is not applicable given that there are no material balances to account for. Bank accounts are held by the Commissioner and are operated on a Group basis.

Balance Sheet

The Chief Constable has no reserves and long term assets to account for. These are the responsibility of the Commissioner. Net assets net to nil by means of an intra group debtor for working capital to meet short term creditors, inventories and long term Pension Liabilities.

Financial Performance of the Chief Constable

A net revenue budget for 2017/18 of £262.9m was approved in January 2017, to fund existing expenditure commitments. In addition a further £2.1m of capital expenditure (funded by Government Grant) brought the total budget requirement to £265.0m. The table below provides a breakdown of how this amount was spent and funded during the year.

	2017/18 %	2017/18 £M	2016/17 £M
Police Officer and Police Staff costs	59%	197.5	191.5
Pension Retirement Benefits - current service cost	22%	73.8	52.5
Non Pay costs (Premises, Transport, Supplies and Services, Agency and Contracted Services)	15%	51.1	49.1
Other service costs (Depreciation, Non enhancing capitalexpenditure)	4%	15.1	11.5
Gross Expenditure of Services	100%	337.52	304.7
Less Grants and Income		(41.8)	(37.6)
Net Cost of Police Services		295.7	267.1
Accounting Adjustments (Pensions, Depreciation, Movements on General Fund)		(30.7)	(6.4)
Budget Requirement		265.0	260.7
Capital Government Grants	1%	(2.1)	(1.8)
Council Tax Income	34%	(105.5)	(99.3)
Non-Domestic Rate Income (Welsh Government)	17%	(22.3)	(20.5)
Revenue Support Grant (Welsh Government)	11%	(51.1)	(51.7)
Police Grant (Home Office)	37%	(84)	(87.5)
Total Funding	100%	(265.0)	(260.7)

The majority of the gross budget is attributable to Policing Services under the direction and control of the Chief Constable and is equal to that of the Group less the cost of administering the Office of the Police and Crime Commissioner. It should be noted that no income budgets are attributable to the Chief

Constable as all income is recorded in the Police and Crime Commissioner’s Statement of Accounts and Police and Crime Commissioner’s Group Statement of Accounts.

Pensions Liability

The Government Actuary’s Department calculate the potential liability of the Police schemes based on Actuarial review, using Pension and Payroll data. This estimated liability increased over the year from £3,279.4m to £3,280.0m, an increase of 0.03%. This is mainly attributed to changes in actuarial assumptions. The Pension Scheme for Police Officers is an unfunded scheme.

In the case of Police Staff, South Wales Police is an admitted body to the Rhondda Cynon Taf County Borough Council Local Government Pension Scheme. The Actuary’s assessment of South Wales Police’s share of the estimated deficit in this scheme increased over the year from £137.3m to £141.6m as at 31 March 2018, an increase of 3.6%. This is mainly due to changes in actuarial assumptions.

The unrealised net losses or gains for the year have no direct impact on the cost of services in the comprehensive income and expenditure statement and the notional liability is recognised in the balance sheet only.

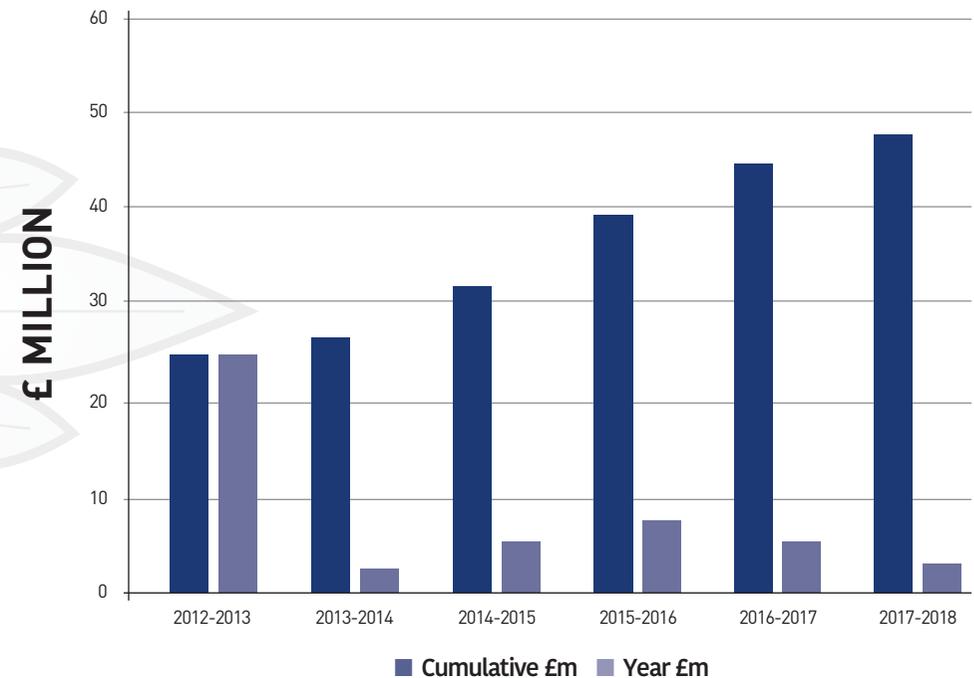


Efficiency & Effectiveness

Central funding has not kept pace with rising costs and changing demands. The rigorous measures implemented to deal with the financial challenges arising from CSR 2010, as outlined in the Value for Money Plan, along with continued prudent financial management have enabled the delivery of the required £47.8m of savings resulting from the CSR 2010 cuts in police grants. This achievement is a positive endorsement of the Medium Term Financial Strategy.

This is illustrated in the following table:

Cashable Efficiencies 2012/13 to 2017/18

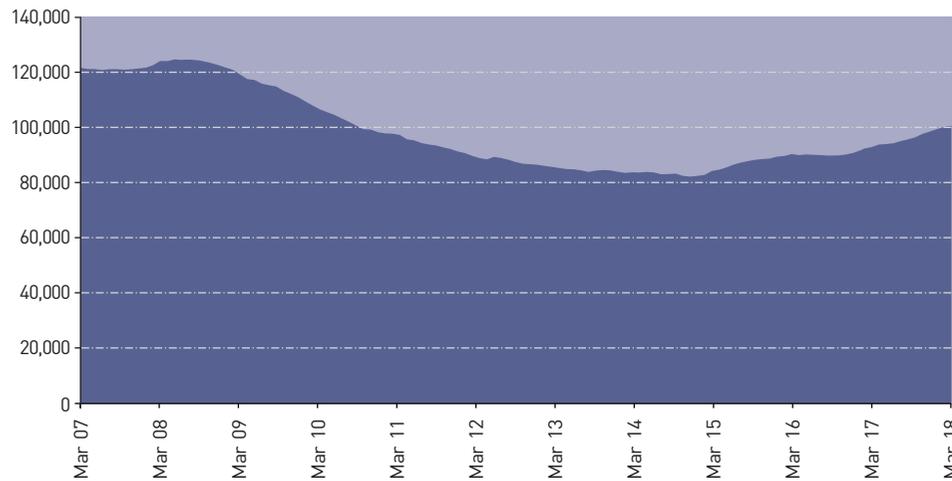


However the austerity programme is set to continue and further revenue savings of £10.9m are forecasted to be required in the period to 2021/22. South Wales Police has developed a comprehensive medium term strategy to deliver the savings which protects front line services.

Operational Performance

Recorded crime

13% Fall in Recorded Crime: 2007 to 2018



Rolling 12 months to:

At the end of 2017/18 there was a 4.7% increase in recorded crime compared to the previous year.

Forcewide Performance

Percentage Change in Crime - Financial year 2017/18 v 2016/17



Making Every Contact Count

89.6% of 999 calls were answered within 10 seconds, which is 0.4% below the national target. Overall 99.2% of 999 calls were answered, 1.2% above the national target.

58.0% of non-emergency calls were answered within 40 seconds and 89.0% were answered.

Equality, Diversity and Human Rights

Overall, the whole experience victim satisfaction has remained relatively stable and now stands at 87.7% as at the end of 2017/18, compared to 86.7% in 2016/17.

The whole experience victim satisfaction of Black and Minority Ethnic victims has increased to 84.3% at the end of 2017/18 compared to 82.6% in 2016/17.

South Wales Police recorded 1,766 hate crimes in 2017/18 compared to 1,839 in 2016/17.

Quality of Service

During 2017-18, 93.0% of crimes reported to South Wales Police were recorded within 24 hours.

South Wales Police recorded a positive outcome rate of 22.4% for overall crime in 2017/18, compared to 25.5% in 2016/17.

7,522 burglaries were reported in 2017/18. This is consistent with the level reported in 2016/17.

Police Effectiveness Efficiency & Legitimacy Programme (PEEL)

Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services' (HMICFRS) fourth PEEL (police effectiveness, efficiency and legitimacy) assessment of how South Wales Police keep people safe and reduce crime, can be summarised as follows:

Statement of pillar judgments

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

HMI's observations

- I am pleased with the performance of South Wales Police in keeping people safe and reducing crime;
- The force has a comprehensive understanding of vulnerability and responds well to victims, demonstrating a consistent approach to safeguarding. The force investigates crimes involving vulnerable victims well, working effectively with other public sector organisations;
- The force has made concerted efforts to improve the accuracy of its crime recording and has a commitment to victim-focused ethical recording, free from performance pressures;
- The force continues to build on its understanding of current and future demand, and has a comprehensive picture of the operational skills of its officers and staff. It has sound investment plans aimed at improving the provision of its services;
- The force has a good ethical culture whereby leaders promote awareness of the importance of treating people with fairness and respect. However, it needs to improve aspects of its complaints procedure and ensure it refers relevant cases to the Independent Office of Police Conduct; and
- Overall South Wales Police has consolidated its standard of good performance since last year's assessment.

Future Developments

The worldwide economic crisis led to a UK annual budget deficit of £149billion at the start of 2010 and the CSR of 2010 resulted in a promise to deliver a balanced budget by 2015. This had an unprecedented negative impact on policing because the Home Office was one of the unprotected departments. The result was the largest single reduction in central government funding for policing in a generation.

The latest position as announced by the Chancellor on the 22nd of November 2017 was that the national annual budget deficit after 8 consecutive years of austerity will still be approximately £50billion. The current indications from the independent Office of Budget Responsibility are that the national structural budget deficit is unlikely to be met in this Parliament or indeed before 2025. The police settlement for 2018/19 provides the same amount of central grant in cash terms as 2017/18. Because of this the 2018/19 settlement effectively reduces the spending ability of forces further still over the next two years

through a combination of real-term grant cuts, reallocations, National Insurance costs changes, introduction of the Apprenticeship Levy, pay inflation and contract price inflation.

South Wales Police has taken a pragmatic approach to the Government's austerity programme and has made real change in improving services and reducing costs. South Wales Police has already delivered cash savings of almost £48m to date and further savings are now incrementally harder.

The 2018/19 Medium Term Financial Strategy (MTFS) covers the period 2018/19 to 2021/2022. The MTFS has identified the budget required and the funding available meaning a further £3.4m of savings need to be delivered in the 2018/19 financial year, taking total cash savings achieved and required to over £51m. Looking further ahead, the combination of inflation, additional unavoidable cost pressures and essential investment in services increases the funding gap by a further £26m. By 2021/22 the cumulative forecasted funding gap before savings and precept is £116m, and further savings of £7.5m from 2019/20 to 2021/22 have been targeted.

The Commissioner and the Chief Constable have agreed the Mission (Keeping South Wales Safe) and the Vision (being the best at understanding and responding to the needs of our communities). The Commissioner has established an effective governance process to secure continuous improvements in service delivery and sound financial management. The Commissioner and the Chief Constable are independently assessed on the delivery of value for money by both HMICFRS and the Wales Audit Office. Both bodies have provided positive assurances on financial management and value for money including the improvements in operational delivery.

The MTFS is consistent with the Mission and Vision, supporting following key priorities in the Commissioner's Police and Crime Reduction Plan and the Chief Constable's Operational Delivery Plan.

In particular the MTFS seeks to:

- Maintain collaborative momentum to secure further savings for South Wales Police and its partners;
- Secure a sustainable infrastructure particularly estates, transport and a technology platform to secure long term productivity gains. Detailed strategies including Asset Management Plans will ensure effective provision, use and deployment of resources;

- Ensure (as a minimum) that there is sufficient investment funding to provide a safe secure property base which is compliant with Health & Safety and other legislative requirements to maintain operational effectiveness;
- Maintain the purchasing power of base budgets particularly on fixed or unavoidable costs (e.g. overtime, allowances, utilities, licences, contracts) in order to ensure that financial plans are realistic and deliverable;
- Aim for the budget to actual outturn accuracy to be more than 99.5%; and
- Ensure that borrowing levels remain affordable and sustainable over the term of the Medium Term Financial Strategy.

The Annual Budget provides the resources needed in the 2018/19 financial year to meet the priorities set out in the Police and Crime Reduction Plan, including:

- Working with partners to reduce crime, disorder and antisocial behaviour while coping with a wide variety of demands that go beyond what is normally thought of as 'policing';
- Maintaining and continually refreshing the level of neighbourhood policing and engagement with the communities of South Wales;
- Protecting vulnerable people and reducing the likelihood of repeat offending in respect of such offences as hate crime, violence against women and girls, child sexual exploitation, domestic abuse and online crime;
- Working with partners to improve the local Criminal Justice System, particularly in respect of managing offenders and reducing reoffending by young people (under the age of 18) and those in the 18 to 25 age group;
- Making a contribution to the Strategic Policing Requirement and protecting the public in South Wales, while responding realistically to the identified threats from organised crime and terrorism and policing an ever-increasing number of significant events;
- Meeting the challenge of changing standards for the training of police officers, proposed by the College of Policing while also seeking to develop our staff at every level to meet the challenges they face;
- Recruiting people so that the workforce as a whole reflects the communities that we police; and
- Ensuring a sustainable infrastructure to facilitate efficient and effective policing process.

It is evident that, to remain within the imposed funding constraints, South Wales Police will have to cope with continued reductions in real terms funding from the government throughout the medium term planning horizon. This means prioritising efforts on delivering a continuous improvement culture with leadership that delivers the right people, skills, tools, at the right place and time, by 2022.

.....
Umar Hussain
 Chief Financial Officer

Dated: 29 May 2018

.....
Umar Hussain
 Chief Financial Officer

Dated: 30 July 2018

Footnote regarding signing:

In accordance with the Accounts and Audit (Wales) Regulations ... (1) The responsible financial officer ... must, ...sign and date the statement of accounts,(3)The responsible financial officer must re-certify the presentation of the statement of accounts before the relevant body approves it.

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

Report on the audit of the financial statements

Opinion

I have audited the financial statements of:

- Chief Constable for South Wales; and
- South Wales Police Pension Fund.

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

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

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

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

In my opinion the financial statements:

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

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Chief Constable for South Wales and the South Wales Police Pension Fund in accordance with the ethical requirements that are relevant to my audit of the

financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

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

Other information

The responsible financial officer is responsible for the other information in the Narrative Report and accounts. The other information comprises the information included in the Narrative Report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

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

Report on other requirements

Opinion on other matters

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

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

Matters on which I report by exception

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

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

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

Certificate of completion of audit

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

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for the preparation of the statement of accounts, including the South Wales Police Pension Fund's financial statements, which give a true and fair view, and for such internal

control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

.....
Anthony J Barrett

For and on behalf of the Auditor General for Wales

24 Cathedral Road, Cardiff, CF11 9LJ

Dated: 31 July 2018

The maintenance and integrity of the Chief Constable for South Wales Police's website is his responsibility; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Responsibilities of the Chief Constable

Is required to:

- make arrangements for the proper administration of his financial affairs and to secure that one officer has the responsibility for the administration of those affairs. That officer is the Chief Financial Officer to the Chief Constable;
- manage his affairs to secure economic, efficient and effective use of his resources and safeguard his assets; and
- approve the Statement of Accounts.

I certify the approval of this Statement of Accounts.

.....
Matt Jukes

Chief Constable for South Wales Police

Dated: 30 July 2018

Responsibilities of the Chief Financial Officer

Is responsible for the preparation of the Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code.

The Chief Financial Officer has also:

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

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Chief Constable for South Wales at the accounting date and its income and expenditure for the year ended 31 March 2018.

.....
Umar Hussain

Chief Financial Officer

Dated: 29 May 2018

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Umar Hussain

Chief Financial Officer

Dated: 30 July 2018

Comprehensive Income and Expenditure Statement (CIES) - Chief Constable

	Note	Chief Constable 2017-18			Chief Constable 2016-17		
		Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Police Officer Pay & Pensions		166,772	0	166,772	149,386	0	149,386
Police Staff Pay		62,362	0	62,362	54,711	0	54,711
Devolved Budgets		5,747	0	5,747	2,590	0	2,590
Force/Contingency Budgets		21,483	0	21,483	18,597	0	18,597
Centralised Budgets		11,591	0	11,591	11,835	0	11,835
Externally Funded Budgets		19,609	0	19,609	17,602	0	17,602
Collaborative Budgets		19,119	0	19,119	18,614	0	18,614
Central Budgets		14,211	0	14,211	17,072	0	17,072
Police Services		320,894	0	320,894	290,407	0	290,407
Non Distributed Costs:							
- Retirement Benefits Past Service Cost		2,270	0	2,270	250	0	250
Cost of Services		323,164	0	323,164	290,657	0	290,657
Other operating Expenditure							
- Levies to national police services		3,155	0	3,155	1,871	0	1,871
Financing and investment income and expenditure	6	89,971	0	89,971	98,842	0	98,842
Taxation and non-specific grant income		0	0	0	0	0	0
Commissioning Costs (intra-group transfer)		(416,290)	0	(416,290)	(391,370)	0	(391,370)
(Surplus)/deficit on Provision of Services		0	0	0	0	0	0
Actuarial (gains)/losses on pension assets/liabilities				(68,831)			539,539
Commissioning Costs (intra-group transfer)				68,831			(539,539)
Other Comprehensive Income and Expenditure				0			0
Total Comprehensive Income and Expenditure				0			0

Balance Sheet

The Balance Sheet shows the value of the recognised assets and liabilities. The net assets (assets less liabilities) are matched by the reserves held by the Group. The Net assets of the Chief Constable net to NIL, there being no reserve accounts to account for, with all Assets and Liabilities being the responsibility of the Commissioner. The Net assets net to NIL by means of an intra group Debtor for both working capital to meet short term creditors and long term Pension Liabilities.

	Note	31 March 2018 £000	31 March 2017 £000
Long Term Debtors - intra-group transfer		3,419,122	3,414,775
Long term Assets		3,419,122	3,414,775
Inventories		1,242	1,061
Debtors - intra-group working capital		19,972	16,342
Current Assets		21,214	17,403
Short term creditors	7	(21,214)	(17,403)
Current Liabilities		(21,214)	(17,403)
Local Government Pension Schemes	13.1	(139,132)	(135,385)
Police pension Schemes	13.2	(3,279,990)	(3,279,390)
Long Term Liabilities		(3,419,122)	(3,414,775)
Net Assets		0	0

Movement in Reserves Statement (MIRS)

This account is not applicable given that there are no material balances to account for. The (surplus)/ deficit on the provision of services and other comprehensive expenditure net to Nil by means of an intra group transfer to the Commissioner's Police Fund Account. (There are no balances on Reserve or Accounting Adjustments.)

Cash Flow

This account is not applicable given that there are no material balances to account for. Bank accounts are held by the Commissioner and are operated on a Group basis.

Police Pension Fund Account

Police Scheme	2017-18 £000	2016-17 £000
Contributions receivable		
From employer:		
- Normal	(25,051)	(24,904)
- Early retirements (incl. capital equivalent charge for ill health retirements)	(812)	(262)
From members	(13,960)	(14,021)
Transfers in		
Individual transfers in from other schemes	(388)	(1,303)
Benefits payable		
Pensions	72,178	69,290
Commutations and lump sum retirement benefits	20,738	18,965
Lump sum death benefits	201	0
Sub-total before transfer from the Police Fund	52,906	47,765
Additional funding payable by Police Fund (by way of top up grants)	(52,906)	(47,765)
Funding Shortfall to be met by Police Fund	0	0
Net Asset Statement		
Current assets		
Debtor - net balances owed from the Police Fund	0	680
Bank balance	111	769
Current liabilities		
Creditor - benefits payable to retiring officers end of March paid April	0	(680)
Creditor - net balances owed to Police Fund	(111)	(769)
Net	0	0

Notes to the Police Pension Fund Accounts

1. The Home Office only funded employer's contributions at 21.3%, whilst the actual employer's contribution was at 24.2%, a cost against the Commissioner's budget of £3.002m during 2017/18.
2. There are no investment assets of the fund. The payments in and out of the Pension Fund are balanced to nil each year by receipt of additional contribution from the Police Fund, which in turn is reimbursed by the Home Office.
3. The fund's financial statements do not take account of future liabilities to pay pensions and other benefits after the year end. These are accounted for in the Group balance sheet as future retirement benefits.
4. Other than the notes above, the Police Pension Fund has followed the accounting policies as set out in note 1 below.



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Note 1 Accounting Policies

General Principles

The general principles and practices adopted in compiling these accounts are those recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA). Reference is made to the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 - based on International Financial Reporting Standards (the Code). This is supplemented by the Service Reporting Code of Practice for Local Authorities (SeRCOP).

These codes of practice set out the proper accounting practices as required by section 21(2) of the Local Government Act 2003 and the Accounts and Audit Regulations as amended.

Local Government Bodies have some discretion in determining what policies need to be provided and the level of detail disclosed, but it should be noted that the Code states that users of financial statements are assumed to have a reasonable knowledge of accounting, which would limit the detail required in the summary of significant accounting policies.

Accruals of income and expenditure

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

In particular:

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made; and
- Where actual amounts were not available, it may have been necessary to use appropriate estimated values.

Comprehensive Income and Expenditure Statement

All income and grants are credited to the General Fund under the responsibility of the Commissioner and taken into account in the intra group transfer to the Chief Constable to finance expenditure.

Expenditure is accounted for on a 'direction and control' basis as costs are incurred by both the Chief Constable and Commissioner i.e.

- payroll expenditure for police officers and staff are charged to the Chief Constable other than those within the Police and Crime Commissioner's Team;
- pension costs and future retirement benefits for police officers and staff are similarly charged for on the same basis;
- non pay costs are charged to the Chief Constable other than those relating to the Police and Crime Commissioner's Team; and
- depreciation of Assets is notionally charged to the Commissioner, on an ownership basis, and recharged for the use of assets to the Chief Constable, which is taken into account in the intra group transfer.

Movement in Reserves Statement

This account is not applicable given that there are no material balances to account for. The (surplus)/ deficit on the provision of services and other comprehensive expenditure net to Nil by means of an intra group transfer to the Commissioner's General Fund Account. (There are no balances on Reserve or Accounting Adjustments.)

Cash Flow

This account is not applicable given that there are no material balances to account for. Bank accounts are held by the Commissioner and are operated on a Group basis.

Balance Sheet

The Net assets of the Chief Constable net to NIL, there being no reserve accounts to account for, with all Assets and Liabilities being the responsibility of the Commissioner. The Net assets net to NIL by means of an intra group Debtor for both working capital to meet short term creditors and long term Pension Liabilities.

Employee benefits

Benefits Payable during Employment

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision to terminate an employee's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when there is a demonstrable commitment to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy. Where termination benefits involve the enhancement of pensions, statutory provisions require the Police Fund balance to be charged with the amount payable to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Police Officers' pensions are unfunded by statute. However, the funding arrangements changed on 1st April 2006 from 'Pay As You Go' (i.e. based on payments to current pensioners), a direct charge to the Revenue Account, to an annual employers' pension contribution based on percentage of salary, with the balance payable to pensioners met from a grant provided by the Home Office. All other employees are eligible to join the Local Government Pension Scheme.

The Commissioner and Chief Constable are participating members of the Rhondda Cynon Taf County Borough Council Pension Fund making appropriate employer contributions into that Pension Fund for police staff members.

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

Events after the reporting period

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Events taking place after this latter date are not reflected in the financial statements or notes.

Where events taking place before this date (adjusting events) provide information about conditions existing at the balance sheet date, the figures in the financial statements and notes would be adjusted in all material respects to reflect the impact of this information. Where events taking place before this date (non-adjusting events) are indicative of conditions arising after the balance sheet date, the financial statements are not adjusted, but if material, disclosure will be made in a note.

Exceptional items and prior period adjustments

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Inventories and long-term contracts

Inventories (stocks) are valued at the lower of cost or net realisable value. Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

Joint arrangements - Accounting for the consolidation of joint arrangements

Where the Commissioner/Chief Constable has entered into collaborative arrangements with other Commissioners and Chief Constables an assessment has been made against IFRS 11 Joint Arrangement to determine the appropriate accounting treatment. IFRS11 requires all such arrangements to be classed as either Joint Ventures or Joint Operations. All of the Commissioner's/Chief Constable's such arrangements are classed as Joint Operations where the Commissioner/Chief Constable is entitled to their fair share of the Joint Operations' Assets and Liabilities.

Leases

Costs are charged to the Comprehensive Income and Expenditure Statement over the life of the lease.

Value added tax

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

Note 2 Accounting Standards Issued, Not Adopted

Under the Code the Group is required to report information setting out the impact of an accounting change required by a new accounting standard which has been issued but not yet adopted by the code. A number of minor amendments to IFRS have been made but these are not expected to have an impact on the accounts.

Note 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies, South Wales Police/ the Commissioner has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts include:

- That there is a high degree of uncertainty about future levels of funding. The Commissioner has determined that this uncertainty is not yet sufficient to provide an indication that the assets might be further impaired as a result of a need to close facilities and reduce levels of service provision.

Note 4 Assumptions Made about the Future and Other Major Sources of Estimation

The Statement of Accounts contains estimated figures that are based on assumptions about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Balance Sheet at 31 March 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions	
Pensions Liability - Police (Information from Actuary)			
Sensitivity of the defined benefit obligation to changes in the significant actuarial assumptions:			
Change in assumption*		Impact on Defined Benefit Obligation	
		%	£ million
Rate of discounting scheme liabilities	½% a year	-9.5%	-310
Rate of increase in salaries	+½% a year	1.0%	40
Rate of increase in pensions / deferred revaluation	+½% a year	7.5%	241
Life expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed		2.5%	79
* Opposite changes in the assumptions will produce approximately equal and opposite changes in the DBO. Doubling the changes in the assumptions will produce approximately double the change in the DBO. The sensitivities show the change in assumption in isolation. In practice such assumptions rarely change in isolation and given the interdependencies between the assumptions the impacts may offset to some extent. The weighted average duration of the defined benefit obligation is around 19 years for all schemes combined.			
Pensions Liability - LGPS (Information from Actuary)			
The results shown in the report are sensitive to the assumptions used. The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 March 2017 is set out below. In each case, only the assumption mentioned is altered all other assumptions remain the same. For inflation, for example, we have assumed this will not change the salary inflation figure and will affect pension increases only. We have not included sensitivity of unfunded benefits on materiality grounds.			
Change in assumption*		Impact on Defined Benefit Obligation	
		%	£ million
Adjustment to discount rate	-0.1% p.a	2.2	10
Adjustment to salary increase rate	+0.1% p.a	0.6	3
Adjustment to pension increase rate	+0.1% p.a	1.7	8
Adjustment to mortality age rating assumption **	+1	-3.0	-13.6
** A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.			

Note 5 Events after the Reporting Period

The draft Statement of Accounts was authorised for issue by the Chief Financial Officer on 29 May 2018. There are no adjusting or non-adjusting events.

Note 6 Financing and investment income and expenditure

	2017-18 £000	2016-17 £000
Pension interest costs	90,030	98,890
Less Pension items relating to the Commissioner	(59)	(48)
Total	89,971	98,842

Note 7 Creditors

Amounts owed to third parties at the balance sheet date are as follows:

	2017-18 £000	2016-17 £000
Central government bodies	7,347	6,105
Other local authorities	3,457	2,242
Other entities and individuals (incl other funds)	13,429	11,516
Less Creditor items relating to the Commissioner	(3,019)	(2,460)
Total	21,214	17,403

Note 8 Amounts Reported for Resource Allocation Decisions

Subjective analysis - Income and Expenditure

	2017-18 £000	2016-17 £000
Employee expenses	197,086	191,140
Other operating expenses	126,078	99,517
Total Operating expenses	323,164	290,657
Net Cost of Services	323,164	290,657

Note 9 Officers'/ Employees' Remuneration

Remuneration Ratio

This is a new disclosure requirement of the Accounts and Audit (Wales) Regulations 2014, and consistent with that recommended by the Hutton Review, to ensure transparency and accountability in public sector entities.

Chief Constable

The ratio between the Chief Constable to the median remuneration within the Force was:

	2017-18	2016-17
Band of the highest paid director (Chief Constable) - Total Remuneration (excl pension contribution)	£155,000-159,999	£160,000-164,999
Median Total Remuneration	£30,729	£31,806
	5.0	5.2

Remuneration Bandings

During the year, the number of police officers and employees who received remuneration in excess of £60,000 are provided below. This is a specific requirement of the Accounts and Audit (Wales) Regulations 2014. The definition includes annual salaries and expense allowances as remuneration being chargeable to United Kingdom income tax, but excluding pension contributions. The table includes those relevant police officers and senior employees reported in more detail below.

Single entity - Chief Constable

Number of Police Officers and Police Staff (Employees): Remuneration	2017-18	2016-17
60,000-64,999	29	20
65,000-69,999	11	10
70,000-74,999	8	8
75,000-79,999	8	7
80,000-84,999	7	8
85,000-89,999	5	4
90,000-94,999	2	2
95,000-99,999	0	0
100,000-104,999	0	2
105,000-109,999	2	0
110,000-114,999	0	1

Number of Police Officers and Police Staff (Employees): Remuneration	2017-18	2016-17
115,000-119,999	1	0
120,999-124,999	0	0
125,000-129,999	1	1
130,000-134,999	2	0
135,000-139,999	0	0
140,000-144,999	1	0
145,000-149,999	0	0
150,000-154,999	0	0
155,000-159,999	0	0
160,000-164,999	0	1
	77	64

Exit Packages

The numbers of exit packages, with total cost per band and total cost of compulsory and other redundancies, are set out in the table below. These figures exclude voluntary early retirements as set out in the Comprehensive Income and expenditure Statement.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
			(Voluntary redundancies)					
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18 £000	2016-17 £000
£0 - £20,000	0	1	0	12	0	13	0	158
£20,001 - £40,000	0	0	0	1	0	1	0	28
£40,001 - £60,000	0	0	0	0	0	0	0	0
Total	0	1	0	13	0	14	0	186

Remuneration Report for senior relevant police officers and senior employees

The following table sets out the remuneration disclosures for relevant police officers (above the rank of Superintendent) and senior employees (designated office holders to a local government body) whose salary is equal to or more than £60,000 per year. The regulations require persons whose salary exceeds £150,000 per year must also be identified by name. In addition to the remuneration included above the following disclosures include employers' pension contributions.

Post holder information (post title and name)	Notes	Salary (including fees & allowances) £	Bonuses £	Expense allowances £	Compensation for loss of office £	Benefits in Kind (e.g. car allowance) £	Other payments (Police Officers only) £	Total Remuneration excluding pension contributions 2017-18 £	Pension contributions £	Total Remuneration including pension contributions 2017-18 £
Chief Constable P. Vaughan	Note 1	120,805	0	0	0	5,313	12,822	138,940	0	138,940
Chief Constable M. Jukes	Note 2	48,646	0	0	0	0	0	48,646	8,071	56,717
Post holder information (post title)	Notes	Salary (including fees & allowances) £	Bonuses £	Expense allowances £	Compensation for loss of office £	Benefits in Kind (e.g. car allowance) £	Other payments (Police Officers only) £	Total Remuneration excluding pension contributions 2017-18 £	Pension contributions £	Total Remuneration including pension contributions 2017-18 £
Deputy Chief Constable 1	Note 2	87,362	0	0	0	5,331	0	92,693	21,270	113,963
Deputy Chief Constable 2	Note 3	40,133	0	0	0	0	0	40,133	9,712	49,845
Deputy Chief Constable 3	Note 7	127,966	0	0	0	6,357	0	134,323	30,968	165,291
ACC Territorial Policing		102,470	0	0	0	5,023	0	107,493	24,974	132,467
ACC Specialist Crime		105,863	0	0	0	1,563	0	107,426	25,029	132,455
Director of Finance		106,760	0	0	0	8,417	0	115,177	16,460	131,637
ACC Specialist Ops 1	Note 3	78,945	0	0	0	5,687	1,413	86,045	18,412	104,457
ACC Specialist Ops 2	Note 4	30,776	0	0	0	0	0	30,776	7,448	38,224
Director of Human Resources 1	Note 5	35,433	0	0	0	1,559	0	36,992	5,276	42,268
Director of Human Resources 2	Note 6	64,373	0	0	0	0	0	64,373	7,210	71,583

Note 1 Chief Constable from 1st April 2017 to 31 December 2017. Not in pension scheme.

Note 2 Chief Constable from 8th December 2017 to 31st March 2018. Deputy Chief Constable from 1st April 2017 to 7th December 2017. Annualised Salary £155,754

Note 3 Deputy Chief Constable from 8th December 2017 to 31st March 2018. Annualised DCC Salary £128,496. ACC from 1st April 2017 to 7th December 2017. Annualised ACC Salary £111,249.

Note 4 Temporary ACC from 8th December 2017 to 31st March 2018. Annualised Salary £98,538.

Note 5 Director of Human Resources from 1st April 2017 to 23 July 2017. Provided services for both South Wales Police and Gwent Police and a share of their costs are recharged. Annualised Salary £104,640.

Note 6 Acting Director of Human Resources from 24 July 2017 to 31st March 2018. Annualised Salary £93,611.

Note 7 Deputy Chief Constable - All Wales from 1st April 2017 to 31st March 2018

The All Wales Deputy Chief Constable is employed by South Wales Police and their total remuneration costs are shown in the Remuneration Report of South Wales Police. Each of the four Welsh forces contribute to the total remuneration costs of the All Wales Deputy Chief Constable. In 2017-18, the actual cost met by South Wales Police was £42,013, with the remaining costs recharged to the other Welsh forces.

The Chief Constable 2016-17

Post holder information (post title and name)	Notes	Salary (including fees & allowances) £	Bonuses £	Expense allowances £	Compensation for loss of office £	Benefits in Kind (e.g. car allowance) £	Other payments (Police Officers only) £	Total Remuneration excluding pension contributions 2016-17 £	Pension contributions £	Total Remuneration including pension contributions 2016-17 £
Chief Constable P. Vaughan	Note 1	159,461	0	0	0	4,527	4,651	168,639	0	168,639
Post holder information (post title)	Notes	Salary (including fees & allowances) £	Bonuses £	Expense allowances £	Compensation for loss of office £	Benefits in Kind (e.g. car allowance) £	Other payments (Police Officers only) £	Total Remuneration excluding pension contributions 2016-17 £	Pension contributions £	Total Remuneration including pension contributions 2016-17 £
Deputy Chief Constable		126,648	0	0	0	5,522	0	132,170	30,661	162,831
ACC Territorial Policing	Note 2	111,911	0	0	0	5,215	1,850	118,976	26,420	145,396
ACC Specialist Crime		82,164	0	0	0	15,961	0	98,125	19,680	117,805
Director of Finance		103,057	0	0	0	8,535	0	111,592	12,278	123,870
ACC Specialist Ops	Note 4	77,841	0	0	0	19,734	0	97,575	18,838	116,413
Director of Human Resources	Note 3	102,739	0	0	0	4,767	0	107,506	12,278	119,784

Note 1 Not in pension scheme.

Note 2 ACC from 31st May 2016 to 31st March 2017.

Note 3 Provided services for both South Wales Police and Gwent Police and a share of their costs are recharged.

Note 4 ACC from 13th June 2016 to 31st March 2017.

Note 10 External Audit Costs

South Wales Police/ the Commissioner has incurred the following costs, covering both the Commissioner and the Chief Constable, in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by external auditors. The total fee included in the table is split equally between the Commissioner and Chief Constable.

	2017-18 £000	2016-17 £000
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	101	96
Total	101	96

Note 11 Related Parties

The Chief Constable is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence, or to be controlled by the Chief Constable. Disclosure of these transactions allows readers to assess the extent to which South Wales Police/ the Commissioner might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with The Chief Constable. Central government has significant influence over the general operations of South Wales Police / the Commissioner as it is responsible for providing the statutory framework within which South Wales Police/ the Commissioner operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that South Wales Police/ the Commissioner has with other parties. Grants received from government departments are set out in Note 26 of the Group Statement of Accounts, most of which have strict terms and conditions.

- The Commissioner has direct control over the financial and operating policies of South Wales Police.
- There are also no material interests or relationships of the Chief Officers or their direct families, which could influence or control the decision making, policies or financial transactions of the Chief Constable. A robust process is also in place to approve and register the business interests of both police staff and officers.

A member of the Joint Audit Committee (JAC) is Chair of the Audit Committee for Swansea Council. Another JAC member is an independent member of the Standards Committee for Swansea Council. During 2017-18, the Commissioner received £3,298 from Swansea Council and made payments amounting to £494,854 (£302,412 of which related to Non Domestic Rates). The debtor balance at year end was £298, while the creditor balance was £31,550 (both net of VAT).

One JAC member is a senior assessor with the College of Policing. During 2017-18, income of £6,456 was receivable by South Wales Police from the College of Policing, with a debtor balance at the year end of £1,567 (net of VAT). South Wales Police made payments of £245,200 to the College of Policing during the same period. There was no creditor balance at the year end.

The Commissioner has a statutory responsibility to declare any interests and these are published on the website, under money matters and interests.

<http://commissioner.south-wales.police.uk/end/right-information/specified-information/>

An Assistant Police and Crime Commissioner is a Director on the Board of Cardiff Business Improvement District (BID), also known as FOR Cardiff. South Wales Police has received net income of £126,049 from Cardiff BID during the year, with no payments being made to them. There were no debtor or creditor balances with Cardiff BID at the year end.

The Chief Financial Officer (CFO) to the Commissioner is also the CFO to the Police and Crime Commissioner for Gwent. During 2017-18, income of £4,521,685 was receivable by South Wales Police from Gwent Police. The debtor balance at year end was £2,091,186 (net of VAT). Expenditure of £3,003,427 was payable to Gwent Police by South Wales Police. There was a creditor balance of £1,015,319 (net of VAT) at the year end.

The CFO to the Commissioner is the CFO for the Police ICT Company, and South Wales Police have had net expenditure transactions with the Police ICT Company during the year of £353,866, with no income received. There were no creditor or debtor balances at year end.

A robust process is in place to approve and register the business interests of both police staff and officers.

Note 12 Leases

Operating Leases

Assets acquired under leases are legally leased by the Police and Crime Commissioner but used by the Chief Constable. These include property and equipment leases.

The future minimum lease payments due under non-cancellable leases in future years are:

	2017-18 £000	2016-17 £000
Not later than one year	877	985
Later than one year and not later than five years	2,043	1,924
Later than five years	247	256
	3,167	3,165

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

	2017-18 £000	2016-17 £000
Minimum lease payments (annual cost)	1,043	1,236
	1,043	1,236

Note 13 Defined Benefit Pension Schemes

13.1 The Local Government Pension Scheme (LGPS - for Police Staff)

Participation in Pension Schemes

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

South Wales Police/ the Commissioner participates in two post employment schemes:

- The Local Government Pension Scheme, administered locally by Rhondda Cynon Taf (RCT) County Borough Council. This is a funded defined benefit final salary scheme, meaning that South Wales Police/ the Commissioner and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The method used to determine the rate of employers contribution are based on review by the scheme actuaries. There is no agreement with other public bodies to share other employer deficits.
- Arrangements for the award of discretionary post retirement benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. Following the full actuarial valuation of that Scheme, as at March 2016, further interim work has been undertaken by the Fund's Actuaries to derive suitable approximate cost estimates to participating bodies.

However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the Police Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Police Fund Balance via the Movement in Reserves Statement during the year:

Local Government Pension Scheme and Unfunded Discretionary Benefits	Pension Scheme 2017-18 £000	Discretionary Benefits Arrangements 2017-18 £000	Total 2017-18 £000	Pension Scheme 2016-17 £000	Discretionary Benefits Arrangements 2016-17 £000	Total 2016-17 £000
Comprehensive Income and Expenditure Statement						
Cost of Services:						
- Current service cost	17,460		17,460	12,070	0	12,070
- Past service costs	120	10	130	240	0	240
Financing and Investment Income and Expenditure						
- Interest on net defined benefit liability/(asset)	3,390	40	3,430	3,480	50	3,530
Total Post Employment Benefit charged to Other Comprehensive Income and Expenditure Statement	20,970	50	21,020	15,790	50	15,840
Other Post Employment Benefit charged to Other Comprehensive Income and Expenditure Statement:						
- Return on plan assets (in excess of)/below that recognised in net interest	(7,460)	0	(7,460)	(43,170)	0	(43,170)
- Actuarial (gains)/losses:						
Due to changes in financial assumptions	0	0	0	94,520	150	94,670
Due to changes in demographic assumptions	0	0	0	(16,190)	(50)	(16,240)
Due to liability experience	1,770	(50)	1,720	(10,520)	(10)	(10,530)
Total Post Employment Benefit charged to Other Comprehensive Income and Expenditure Statement	(5,690)	(50)	(5,740)	24,640	90	24,730
Total Amount Recognised	15,280	0	15,280	40,430	140	40,570
Movement in Reserves Statement						
- Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(20,970)	(50)	(21,020)	(15,790)	(50)	(15,840)
Actual amount charged against the Police Fund Balance for pensions in the year:						
- Employers' contributions payable to scheme	10,912	0	10,912	8,163	0	8,163
- Retirement benefits payable to pensioners	0	0	0	0	0	0

Assets and liabilities in relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):	Funded Pension Scheme 2017-18 £000	Unfunded Discretionary Benefits 2017-18 £000	Total 2017-18 £000	Funded Pension Scheme 2016-17 £000	Unfunded Discretionary Benefits 2016-17 £000	Total 2016-17 £000
Opening balance at 1 April	(435,430)	(1,490)	(436,920)	(349,300)	(1,440)	(350,740)
Current service cost	(17,460)	0	(17,460)	(12,070)	0	(12,070)
Interest cost	(11,260)	(40)	(11,300)	(12,120)	(50)	(12,170)
Contributions by scheme participants	(3,820)	0	(3,820)	(3,530)	0	(3,530)
Benefits paid	8,590	90	8,680	9,640	90	9,730
Past service costs	(120)	(10)	(130)	(240)	0	(240)
Due to changes in financial assumptions	0	0	0	(94,520)	(150)	(94,670)
Due to changes in demographic assumptions	0	0	0	16,190	50	16,240
Due to liability experience	(1,770)	50	(1,720)	10,520	10	10,530
Closing balance at 31 March	(461,270)	(1,400)	(462,670)	(435,430)	(1,490)	(436,920)

Reconciliation of fair value of the scheme (plan) assets: Local Government Pension Scheme	2017-18 £000	2016-17 £000
Opening balance at 1 April	299,640	245,430
Interest income on assets	7,870	8,640
Remeasurement gains/(losses) on assets	7,460	43,170
Employer contributions	10,890	8,510
Contributions by scheme participants	3,820	3,530
Benefits paid	(8,590)	(9,640)
Closing balance at 31 March	321,090	299,640

Scheme history	2017-18 £000	2016-17 £000	2015-16 £000	2014-15 £000	2013-14 £000
Present value of liabilities:					
Local Government Pension Scheme	(461,270)	(435,430)	(349,300)	(357,700)	(295,540)
Discretionary Benefits	(1,400)	(1,490)	(1,440)	(1,570)	(1,510)
Fair value of assets in the Local Government Pension Scheme	321,090	299,640	245,430	235,280	193,190
Total	(141,580)	(137,280)	(105,310)	(123,990)	(103,860)
Surplus/(deficit) in the scheme:					
Local Government Pension Scheme	(140,180)	(135,790)	(103,870)	(122,420)	(102,350)
Discretionary Benefits	(1,400)	(1,490)	(1,440)	(1,570)	(1,510)
Total	(141,580)	(137,280)	(105,310)	(123,990)	(103,860)

The liabilities show the underlying commitments that South Wales Police/ the Commissioner has in the long run to pay post employment (retirement) benefits. The total liability of £141.6m has a substantial impact on the net worth of South Wales Police/ the Commissioner as recorded in the Balance Sheet, resulting in a negative overall balance.

However, statutory arrangements for funding the deficit mean that the financial position of South Wales Police/ the Commissioner remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary; and
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Aon Hewitt Limited, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2016.

The principal assumptions used by the actuary are detailed in the following table:

Local Government Pension Scheme Mortality assumptions:	Pension Scheme 2017-18	Discretionary Benefits 2017-18	Pension Scheme 2016-17	Discretionary Benefits 2016-17
Longevity at 65 for current pensioners:				
- Men	22.9	22.9	22.8	22.8
- Women	25.0	25.0	24.9	24.9
Longevity at 65 for future pensioners:				
- Men	25.1		25.0	
- Women	27.3		27.2	
Principal Financial Assumptions:				
Rate of increase in salaries	3.3%		3.3%	
Rate of increase in pensions	2.0%	2.0%	2.0%	2.0%
Rate for discounting scheme liabilities	2.6%	2.6%	2.6%	2.6%
Take-up of option to convert annual pension into retirement lump sum:				
- pre 1 April 2010 pension entitlements	75%		75%	-
- post 31 March 2010 pension entitlements	75%		75%	-

Asset Allocation

The approximate split of assets for the Fund as a whole (based on data supplied via the Actuary and by the Fund Administering Authority) is shown in the table below:

Local Government Pension Scheme	31 March 2018 %	31 March 2017 %
Equity Investments	74.8%	72.6%
Property	5.4%	5.9%
Government Bonds	8.5%	9.4%
Corporate Bonds	9.4%	10.0%
Cash and other Assets	1.9%	2.1%
	100.0%	100.0%

Contributions for the accounting period ending 31 March 2019

The employers' regular contributions to the Fund for the accounting period ending 31 March 2019 are estimated to be £11.01m. Additional contributions may also become due in respect of any employer discretions to enhance members' benefits in the Fund over the next accounting period.

13.2 The Police Pension Scheme (for Police Officers)

This includes the 1987, 2006, and 2015 police pension schemes plus the injury benefit scheme.

Participation in Pension Schemes

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

South Wales Police / the Commissioner participates in two post employment schemes:

- The Police Pension Scheme, administered by Capita plc. This is an unfunded defined benefit scheme, meaning that there are no investment assets built up to meet pension liabilities. Instead, from 1st April 2006, actual pension payments are met from a combination of employers' and employee contributions, based on percentages of police salaries, and the balance from Government Grant.
- Discretionary post retirement benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. A software model, developed by the Government Actuary's Department, has been used to calculate the potential long term liability and cost estimates of the Police scheme's based on Actuarial review, using Pension and Payroll data.

However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the Police Fund via the Movement in Reserves Statement.

NOTE 13

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Police Fund Balance via the Movement in Reserves Statement during the year:

Police Pension and Unfunded Injury Benefit Scheme	Pension Scheme and Discretionary Benefits 2017-18 £000	Total 2017-18 £000	Pension Scheme and Discretionary Benefits 2016-17 £000	Total 2016-17 £000
Comprehensive Income and Expenditure Statement				
Cost of Services:				
- Current service cost	56,340	56,340	40,430	40,430
- Past service costs	2,140	2,140	10	10
Financing and Investment Income and Expenditure				
- Interest on net defined benefit liability/(asset)	86,600	86,600	95,360	95,360
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	145,080	145,080	135,800	135,800
Other Post Employment Benefit charged to Other Comprehensive Income and Expenditure Statement				
- Actuarial (gains)/losses:				
Due to changes in financial assumptions	104,210	104,210	612,640	612,640
Due to changes in demographic assumptions	(110,130)	(110,130)	(71,060)	(71,060)
Due to liability experience	(57,270)	(57,270)	(26,430)	(26,430)
Total Post Employment Benefit charged to Other Comprehensive Income and Expenditure Statement	(63,190)	(63,190)	515,150	515,150
Total Amount Recognised	81,890	81,890	650,950	650,950
Movement in Reserves Statement				
- Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(145,080)	(145,080)	(135,800)	(135,800)
Actual amount charged against the Police Fund Balance for pensions in the year:				
- Employers' contributions payable to scheme	25,059	25,059	25,334	25,334
- Retirement benefits payable to pensioners (grant funded)	0	0	0	0

Assets and liabilities in relation to Post-employment Benefits				
	Unfunded Discretionary Benefits 2017-18 £000	Total 2017-18 £000	Unfunded Discretionary Benefits 2016-17 £000	Total 2016-17 £000
Reconciliation of present value of the scheme liabilities (defined benefit obligation):				
Opening balance at 1 April	(3,279,390)	(3,279,390)	(2,703,080)	(2,703,080)
Current service cost	(56,340)	(56,340)	(40,430)	(40,430)
Past service charge	(2,140)	(2,140)	(10)	(10)
Interest cost	(86,600)	(86,600)	(95,360)	(95,360)
Contributions by scheme participants	(13,960)	(13,960)	(14,150)	(14,150)
Actuarial gains and (losses)	63,190	63,190	(515,150)	(515,150)
Benefits paid	95,250	95,250	88,790	88,790
Closing balance at 31 March	(3,279,990)	(3,279,990)	(3,279,390)	(3,279,390)

The liabilities show the underlying commitments that South Wales Police/ the Commissioner has in the long run to pay post employment (retirement) benefits. The total liability of £3.28bn has a substantial impact on the net worth of South Wales Police/ the Commissioner as recorded in the Balance Sheet, resulting in a negative overall balance.

However, statutory arrangements for funding the deficit mean that the financial position of South Wales Police / the Commissioner remains healthy:

- the deficit on the police pension scheme will be made good by government grant and or increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the government and the scheme actuary; and
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Police Pension Scheme and Discretionary Benefits liabilities have been assessed by the Government Actuary's Department (GAD) an agency of the UK Government, using payroll and pension data provided by or on behalf of South Wales Police/ the Commissioner.

The principal assumptions used by the actuary are detailed in the following table:

Police Pension and Unfunded Injury Benefit Scheme	Pension Scheme and Discretionary Benefits 2017-18	Pension Scheme and Discretionary Benefits 2016-17
Mortality assumptions		
Longevity at 65 for current pensioners:		
- Men	22.6	23.2
- Women	24.2	25.2
Longevity at 65 for future pensioners:		
- Men	24.5	25.2
- Women	26.1	27.3
Principal Financial Assumptions:		
Rate of inflation RPI	2.55%	2.65%
Rate of inflation CPI	2.30%	2.35%
Rate of increase in salaries	4.30%	4.35%
Rate of increase in pensions	2.30%	2.35%
Rate for discounting scheme liabilities	2.55%	2.65%
Assumed rate of return in excess of pensions	0.25%	0.30%
Assumed rate of return in excess of earnings	-1.75%	-1.70%
Take-up of option to convert annual pension into retirement lump sum	actuarially neutral	actuarially neutral

Contributions for the accounting period ending 31 March 2019

The Employer's regular contributions to the Fund for the accounting period ending 31 March 2019 are estimated to be £30.0m.

Membership numbers in the various pension schemes will vary from those estimated. Employer contributions will change due to the difference between estimated numbers and actual. Injury awards will also vary due to mortality issues and additional members can be admitted to the Injury Awards scheme. These factors are difficult to predict.

Note 14 Collaboration

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

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

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

In 2017/18 an All Wales Collaboration Team was established on a short term basis to coordinate existing activities and identify new opportunities for collaboration across the four Forces in Wales. The team is led by a Deputy Chief Constable and is funded based on agreed contributions from each Force in Wales. The total costs of the team in 2017/18 were £0.24m (2016/17 – nil) and South Wales Police's contribution to these costs was £0.06m in 2017/18 (2016/17 – nil).

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

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

As a result of the requirements of IFRS11, gross expenditure in the CIES has been reduced by £9.02m. Intra-group transfers have been decreased by a corresponding amount to ensure the total comprehensive income and expenditure reported in the CIES is nil. A further explanation of the adjustments required for collaboration is detailed in the Group Statement of Accounts in note 33.

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

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

2017/18										
COLLABORATIVE SERVICE AREA	Counter Terrorism Intelligence Unit	Counter Terrorism Specialist Advisors	Counter Terrorism Port / Dedicated Security	Regional Organised Crime Unit	Regional Task Force	Counter Terrorism Special Branch	Joint Legal Services	Scientific Investigation Unit	Joint Firearms Unit	Total
Service Classification in CIES	National Policing	National Policing	National Policing	Intelligence / Investigation	Intelligence	National Policing	Support Service	Investigative Support	Specialist Operations	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Pay Expenditure	5,574	425	4,356	4,793	1,554	0	1,217	5,122	11,292	34,333
Non Pay Expenditure	1,142	30	285	1,201	411	0	26	431	1,568	5,094
Gross Expenditure	6,716	455	4,641	5,994	1,965	0	1,243	5,553	12,860	39,427
Specific Grant Income	(6,772)	(455)	(4,641)	(4,320)	(500)	0	0	0	(1,473)	(18,161)
Income	(56)	0	0	(43)	(2)	0	(6)	0	(163)	(158)
Total Income & Grants	(6,716)	(455)	(4,641)	(4,363)	(502)	0	(6)	0	(1,636)	(18,319)
South Wales Police	0	0	0	(889)	(785)	0	(786)	(3,788)	(5,173)	(11,421)
Dyfed Powys Police	0	0	0	(348)	(298)	0	0	0	(3,457)	(4,103)
Gwent Police	0	0	0	(394)	(380)	0	(451)	(1,765)	(2,594)	(5,584)
North Wales Police	0	0	0	0	0	0	0	0	0	0
Force Contributions	0	0	0	(1,631)	(1,463)	0	(1,237)	(5,553)	(11,224)	(21,108)
(Surplus) or Deficit	0	0	0	0	0	0	0	0	0	(0)

2016/17										
COLLABORATIVE SERVICE AREA	Counter Terrorism Intelligence Unit	Counter Terrorism Specialist Advisors	Counter Terrorism Port / Dedicated Security	Regional Organised Crime Unit	Regional Task Force	Counter Terrorism Special Branch	Joint Legal Services	Scientific Investigation Unit	Joint Firearms Unit	Total
Service Classification in CIES	National Policing	National Policing	National Policing	Intelligence / Investigation	Intelligence	National Policing	Support Service	Investigative Support	Specialist Operations	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Pay Expenditure	4,792	458	4,551	4,121	1,790	2,030	0	4,856	10,358	32,956
Non Pay Expenditure	1,701	28	358	1,174	381	110	0	565	1,366	5,683
Gross Expenditure	6,493	486	4,909	5,295	2,171	2,140	0	5,421	11,724	38,639
Specific Grant Income	(6,471)	(486)	(4,909)	(2,705)	(500)	0	0	0	0	(15,071)
Income	(22)	0	0	(56)	(54)	(161)	0	(12)	0	(305)
Total Income & Grants	(6,493)	(486)	(4,909)	(2,761)	(554)	(161)	0	(12)	0	(15,376)
South Wales Police	0	0	0	(1,377)	(873)	(1,059)	0	(3,708)	(5,432)	(12,449)
Dyfed Powys Police	0	0	0	(544)	(340)	(494)	0	0	(3,475)	(4,853)
Gwent Police	0	0	0	(613)	(404)	(426)	0	(1,701)	(2,817)	(5,961)
North Wales Police	0	0	0	0	0	0	0	0	0	0
Force Contributions	0	0	0	(2,534)	(1,617)	(1,979)	0	(5,409)	(11,724)	(23,263)
(Surplus) or Deficit	0	0	0	0	0	0	0	0	0	(0)

2017/18										
SHARE OF SERVICE COLLABORATION	Counter Terrorism Intelligence Unit	Counter Terrorism Specialist Advisors	Counter Terrorism Port / Dedicated Security	Regional Organised Crime Unit	Regional Task Force	Counter Terrorism Special Branch	Joint Legal Services	Scientific Investigation Unit	Joint Firearms Unit (inc CTSFO)	Total
Share of service benefit	Population (national benefit basis)	Population (national benefit basis)	Population (national benefit basis) Exc NWP	Population (national benefit basis) Exc NWP	Agreed financial contribution (local delivery)	Own Spending	Agreed financial contribution (local delivery)	Agreed financial contribution (local delivery)	Agreed financial contribution (local delivery)	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Gross Expenditure										
South Wales Police	2,842	193	1,206	3,266	1,055	0	829	3,808	5,795	18,994
Dyfed Powys Police	1,113	75	472	1,279	400	0	0	0	3,998	7,337
Gwent Police	1,260	85	535	1,449	510	0	414	1,745	3,067	9,065
North Wales Police	1,501	102	2,428	0	0	0	0	0	0	4,031
	6,716	455	4,641	5,994	1,965	0	1,243	5,553	12,860	39,427
Total Income & Grants										
South Wales Police	(2,842)	(193)	(1,206)	(2,378)	(270)	0	(4)	0	(737)	(7,630)
Dyfed Powys Police	(1,113)	(75)	(472)	(931)	(102)	0	0	0	(509)	(3,202)
Gwent Police	(1,260)	(85)	(535)	(1,054)	(130)	0	(2)	0	(390)	(3,456)
North Wales Police	(1,501)	(102)	(2,428)	0	0	0	0	0	0	(4,031)
	(6,716)	(455)	(4,641)	(4,363)	(502)	0	(6)	0	(1,636)	(18,319)

2016/17										
SHARE OF SERVICE COLLABORATION	Counter Terrorism Intelligence Unit	Counter Terrorism Specialist Advisors	Counter Terrorism Port / Dedicated Security	Regional Organised Crime Unit	Regional Task Force	Counter Terrorism Special Branch	Joint Legal Services	Scientific Investigation Unit	Joint Firearms Unit	Total
Share of service benefit	Population (national benefit basis)	Population (national benefit basis)	Population (national benefit basis)	Population (national benefit basis)	Agreed financial contribution (local delivery)	Own Spending	Agreed financial contribution (local delivery)	Agreed financial contribution (local delivery)	Agreed financial contribution (local delivery)	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Gross Expenditure										
South Wales Police	2,738	205	1,300	2,878	1,172	1,212	0	3,716	5,432	18,653
Dyfed Powys Police	1,081	81	513	1,136	456	494	0	0	3,475	7,236
Gwent Police	1,219	91	578	1,281	543	434	0	1,705	2,817	8,668
North Wales Police	1,455	109	2,518	0	0	0	0	0	0	4,082
	6,493	486	4,909	5,295	2,171	2,140	0	5,421	11,724	38,639
Total Income & Grants										
South Wales Police	(2,738)	(205)	(1,300)	(1,501)	(299)	(153)	0	(8)	0	(6,204)
Dyfed Powys Police	(1,081)	(81)	(513)	(592)	(116)	0	0	0	0	(2,383)
Gwent Police	(1,219)	(91)	(578)	(668)	(139)	(8)	0	(4)	0	(2,707)
North Wales Police	(1,455)	(109)	(2,518)	0	0	0	0	0	0	(4,082)
	(6,493)	(486)	(4,909)	(2,761)	(554)	(161)	0	(12)	0	(15,376)

AMORTISATION

Intangible assets should be amortised on a systematic basis over their economic lives. This is similar to depreciation.

ACCRUAL

A sum included in the final accounts to cover income and expenditure attributable to the accounting period but for which payment has not been made/received at the balance sheet date.

AGENCY SERVICE

The provision of services by one body (the agent) on behalf of, and generally reimbursed by, the responsible body.

ACTUARIAL GAINS AND LOSSES

Changes in actuarial deficits or surpluses can arise due to experience gains and losses (events have not coincided with the actuarial assumptions made for the last valuation) or changes in actuarial assumptions.

ASSET

Tangible and intangible assets that yield benefits to South Wales Police/ the Commissioner for a period of more than one year. Benefits of less than one year are regarded as current assets.

AUDIT

An independent examination of an organisation's activities.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the date specified.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset or expenditure which adds to, and not merely maintains, the value of an existing fixed asset.

CAPITAL ADJUSTMENT ACCOUNT

The capital adjustment account contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from grants, revenue and capital receipts. It also contains the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans.

CAPITAL RECEIPT

Proceeds from the sale of fixed assets (e.g. land or buildings, or other money received towards capital expenditure).

CAPITAL RECEIPTS RESERVE

The capital receipts reserve is available to fund future expenditure of a capital nature, as budgeted by the Capital Programme.

CASH FLOW STATEMENT

A statement that summarises the movements in cash, both revenue and capital, during the year

DEBTOR

An amount due to South Wales Police/ the Commissioner within the accounting period but not received at the balance sheet date.

DEPRECIATION

The measure of the cost, or revalued amount, of the benefits of the fixed asset that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

EARMARKED CAPITAL RESERVES

These reserves, generated by additional voluntary revenue contributions, are available for financing future expenditure of a capital nature, as budgeted by the Capital Programme.

CURRENT VALUE

The current value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

IMPAIRMENT

A reduction in the value of a fixed asset, below its carrying amount on the balance sheet.

INVENTORIES (STOCKS)

Uniforms, communication equipment parts, diesel, petrol and vehicle spares are procured by South Wales Police/ the Commissioner to use on a continuing basis. The value of those items not used at the specified date are shown in the balance sheet as current assets.

LEASING

A method of financing the use of assets where a rental charge is paid over a specified period of time.

LIABILITY

An amount due to an individual or organisation which will be paid at some time in the future.

PAST SERVICE COST (PENSIONS)

The increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

POLICE FUND

This reserve is maintained to meet exceptional and unforeseen expenditure.

POLICE GRANT

The amount of Home Office grant towards the revenue requirements of South Wales Police/ the Commissioner.

POLICE CAPITAL GRANT

The amount of Home Office grant towards capital expenditure of South Wales Police/ the Commissioner.

PRECEPT

The amount of income collected by the constituent County Borough Councils from council tax payers to pay for police services of South Wales Police/ the Commissioner.

PROVISION

An amount set aside in the accounts for liabilities that have been incurred, which are uncertain in terms of timing or amount.

PUBLIC WORKS LOAN BOARD (PWLB)

A Government Agency which provides longer term loans to Local Authorities at interest rates only slightly higher than those at which the government itself can borrow.

RESERVE

Amounts set aside for purposes falling outside the definition of provisions and generally available for funding expenditure after the balance sheet date. Earmarked reserves are set aside for specific purposes.

REVENUE ACCOUNT/ INCOME AND EXPENDITURE ACCOUNT

An account which records day to day expenditure and income on such items as salaries and wages, running costs of services and the financing of capital expenditure.

REVENUE SUPPORT GRANT

A Welsh Government administered grant paid in support of Local Government and Police revenue expenditure.

NATIONAL NON DOMESTIC RATE (NNDR)

The NNDR, or business rate, is the charge levied on occupiers of business premises to finance a proportion of Local Government and Police revenue expenditure. The amount of NNDR is set by Central Government by virtue of a multiplier applied to the rateable values. The multiplier is consistent throughout Wales with the total collected being distributed by Central Government, but administered by the Welsh Government.

TEMPORARY BORROWING/ INVESTMENT

Money borrowed/ invested for an initial period of less than one year.

