

**THE CHIEF CONSTABLE FOR SOUTH  
WALES POLICE  
(Single Entity)**

**FINANCIAL REPORT &  
STATEMENT OF ACCOUNTS  
FOR THE  
YEAR ENDED 31<sup>ST</sup> MARCH 2015**

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CHIEF FINANCIAL OFFICER to the CHIEF  
CONSTABLE**

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## **Foreword**

### **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 Police and Crime Commissioner 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 2014/15 was the fourth consecutive year of 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 these Statements of Accounts.

### **Statutory Framework for the Statement of Accounts**

The establishment of the two Corporation Soles requires each body to produce their own single entity Statement of Accounts with the Commissioner producing a Statement of Accounts for the Group and Police Pension Fund..

The Accounts and Audit (Wales) Regulations 2014, 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 2004 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. These Statements of Account continue to follow International Financial Reporting Standards (IFRS).

### **Format of the Statement of Accounts**

The Statement of Accounts comprises the following:

- Statement of Responsibilities
- Movement in Reserves Statement
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cash Flow Statement
- Police Pension Fund Account
- Notes to the Accounts

## **Explanation of Main Statements - including intra group transfer of funding**

This section explains the requirement, for the second year, for intra group funding between the new 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 General 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 Office of the Commissioner.
- 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 Office of the Commissioner.
- 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 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.

## **Pensions Liability**

The Government Actuary's Department calculate the potential liability of the Police scheme's based on Actuarial review, using Pension and Payroll data. This estimated liability increased over the year from £2,593M to £2,974M, an increase of 15%. This is mainly attributed to changes in actuarial assumptions of the real rates of return in excess of pension increases and earnings growth. The Pension Scheme for Police Officers is unfunded by statute.

In the case of Police Staff, South Wales Police is an admitted body to the Rhondda Cynon Taff County Borough Council Local Government Pension Scheme. The Actuaries assessment of South Wales Police's share of the estimated deficit in this scheme increased over the year from £104M to £124M as at 31 March 2015, an increase of 19%.

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.

## **Overall Summary**

The rigorous measures implemented to deal with the financial challenges arising from CSR2010, as outlined in the Value for Money Plan, along with continued prudent financial management have enabled the delivery of the required £32M of savings resulting from the CSR2010 cuts in police grants. This achievement is a positive endorsement of the Medium Term Finance Strategy.

The refreshed Medium Term Financial Strategy continues to predict further cuts in police grant with estimated budget gap of nearly £40M. The 2015/16 settlement confirmed our fears that the cuts would be deeper and the funding outlook remains similarly bleak over the next parliament.

## **Stage 2 changes - effective April 2014**

In September 2012, the Minister of State for Policing and Criminal Justice set out the government's overall policy intent around Stage 2 transfers "*operational staff under the control and direction of the Chief Constable passes to their employ and that any discussion with the Chief on those remaining with the Police and Crime Commissioner will focus on non-operational roles.*"

The Home Secretary directed all Commissioners and Chief Constables to prepare a staff transfer scheme for approval. This scheme was to make provision for the transfer of non-warranted police staff to the employment of the Chief Constable of the force. The Stage 2 Transfer Scheme prepared by the Commissioner and the Chief Constable was approved by the Home Office and the transfer of affected staff completed by the 31<sup>st</sup> March 2014 deadline. These changes also necessitated a review and amendments to the governance framework(s) of the two Corporations Sole, and as a result a revised Manual of Governance was prepared with effect from 1<sup>st</sup> April 2014. As a consequence the vast majority of staff are now employed by the Chief Constable. Warranted police officers were always in the employ of the Chief Constable.

## **Stage 2 – Accounting Policies**

There any no significant changes to accounting policies due to the stage 2 transfers.

## **Operational Performance and Value for Money arrangements**

Whilst the Statement of Account are primarily focussed on the reporting of financial activity for the year it is also important to reflect on the delivery of Value for Money and key operational performance indicators. The Value for Money target to achieve a balanced budget outturn for 2014-15 was met for the fourth consecutive year with £32M of cash releasing savings delivered over the four years, including £5.3M delivered in 2014/15. However the austerity programme is set to continue and further savings of £39M are forecasted to be required over the next four years which will be a considerable challenge over the medium term. This is £69M of savings over the austerity period.

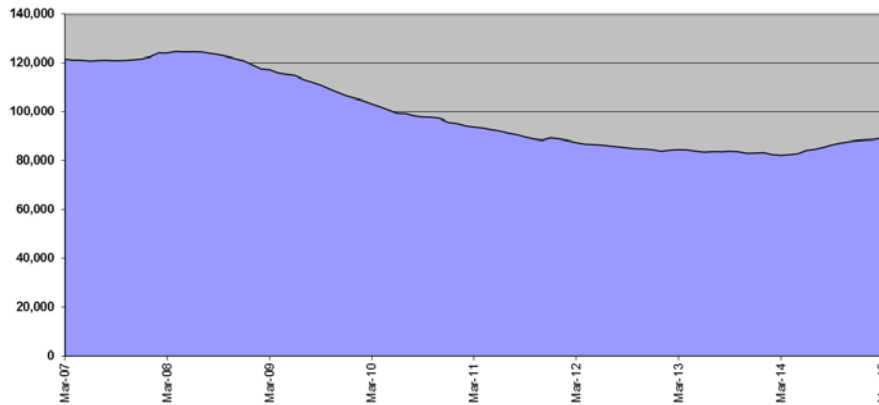
South Wales Police has developed a comprehensive medium term strategy to deliver the savings which protects front line services and this can be seen in the performance chart below

The summary includes statistics of operational performance.

## PERFORMANCE

### 27% FALL IN RECORDED CRIME FROM 2007 - 2015

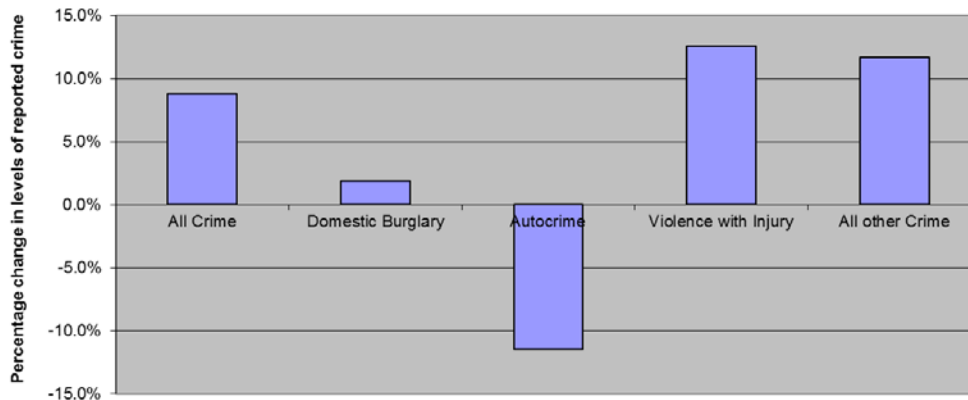
27% Fall in Recorded Crime: 2007 to 2015



The slight increase in 2014-2015 reflects an internal change in crime recording processes. Previously incidents were investigated and then recorded, now the Force records the crime when the incident is reported.. The process of improvement continues, with the latest figures showing the best victim satisfaction levels experienced by the Force. The decision to change has put it at the front of development of good practice identified nationally by Her Majesty's Inspectorate of the Constabulary.

### FORCEWIDE PERFORMANCE 2014-2015

Percentage change in crimes for financial year 2014/15 v 2013/14



With regard to operational performance the following headlines are noteworthy:

## **ACHIEVEMENTS FORCE-WIDE IN 2014/2015**

### **Making Every Contact Count**

- 91.6% of 999 calls were answered within 10 seconds, which is 1.6% above the national target.
- 89.9% of non-emergency calls were answered within 40 seconds.

### **Equality, Diversity and Human Rights**

- Overall victim satisfaction for Black and Minority Ethnic victims has slightly decreased from 85.9% at the end of 2013-14 to 85.4% in 2014-15.
- Hate related crimes increased in line with the Force aim to increase reporting of these offences.

### **Quality of Service**

- South Wales Police recorded an overall crime outcome rate of 28.6% for 2014-15 compared to 33.8% in 2013-14.
- As a result of the revised crime recording process, there was a rise of 1.9% in domestic burglaries compared to 2013-14 and the outcome rate fell by 16.8% to 21.6% in 2014-15.
- The outcome rate for violence with injury decreased to 49.9%.
- Vehicle crime reduced by 11.5% compared to 2013-14.
- The number of criminal damage offences fell by 0.3% compared to 2013-14.
- The number of drug trafficking offences fell by 18.2% in 2014-15 compared to a reduction of 16.5% in the same period last year.
- Overall victim satisfaction stood at 88.3%, which is slightly lower than 89.7% which we achieved in 2013-14.
- During 2014-15, a significant improvement in our approach to crime recording has resulted in 93% of crimes reported to South Wales Police being recorded within 72 hours.



## POLICE EFFECTIVENESS EFFICIENCY & LEGITIMACY PROGRAMME (PEEL)

The first PEEL assessment of South Wales Police concluded that:

- In terms of its effectiveness, in general, the force is good at reducing crime and preventing offending, good at investigating offending and outstanding at tackling anti-social behaviour;
- The efficiency with which the force carries out its responsibilities is good; and
- The force is acting to achieve fairness and legitimacy in most of the practices that were examined.

It was specifically noted that South Wales Police had made excellent progress in responding to the spending review, approaching that challenge by introducing innovative practice. This means the force is well placed to deal with future budget cuts. Ms Sharpling, Her Majesty's Inspector for the Wales & Western region, stated that she was "particularly impressed by the force's approach to crime recording, which has a high degree of accuracy and the outstanding practice developed to tackle anti-social behaviour"..

Chief Financial Officer

Dated:

30 June 2015

Chief Financial Officer

Dated:

30 September 2015

## **Auditor General for Wales' report to the Chief Constable for South Wales**

I have audited the accounting statements and related notes of the:

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

for the year ended 31 March 2015 under the Public Audit (Wales) Act 2004.

The Chief Constable for South Wales' accounting statements comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, and related notes.

The South Wales Police Pension Fund's accounting 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 2014-15 based on International Financial Reporting Standards (IFRSs).

### **Respective responsibilities of the responsible financial officer and the independent auditor**

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 accounting statements, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the accounting statements**

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Chief Constable for South Wales and the South Wales Police Pension Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer; and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes 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.

**Opinion on the accounting statements of the Chief Constable for South Wales**

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the Chief Constable for South Wales as at 31 March 2015 and of his income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15.

**Opinion on the accounting statements of the South Wales Police Pension Fund**

In my opinion, the pension fund accounts and related notes:

- give a true and fair view of the financial transactions for South Wales Police Pension Fund during the year ended 31 March 2015 and of the amount and disposition of the fund's assets and liabilities as at that date, other than liabilities to pay pensions and benefits after the end of the scheme year; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15.

**Opinion on other matters**

In my opinion, the information contained in the Explanatory Foreword is consistent with the accounting statements and related notes.

**Matters on which I report by exception**

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 accounting statements are not in agreement with the accounting records and returns;
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement contains material misstatements of fact or is inconsistent with other information I am aware of from my audit.

**Certificate of completion of audit**

I certify that I have completed the audit of the accounts of 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.

**For and on behalf of  
Huw Vaughan Thomas  
Auditor General for Wales  
24 Cathedral Road  
Cardiff CF11 9LJ  
30 September 2015**

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

## **Statement of Responsibilities for the Accounts**

### **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 its resources and safeguard its assets.
- approve the statement of accounts.

I certify the approval of this statement of accounts.

### **The Chief Constable for South Wales**

Dated:

30 September 2015

### **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
- complied with the local authority Code.

The chief financial officer has also:

- kept proper accounting records which were up to date
- 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, 2014.

### **Chief Financial Officer**

Date of signing (by responsible financial officer)

Dated: 30 June 2015

### **Chief Financial Officer**

Date of signing (prior to the approval of the Chief Constable)

Dated: 30 September 2015

## Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Local Government Bodies raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement (MIRS) within the Group Accounts for the Police and Crime Commissioner for South Wales.

	Note	Chief Constable 2014/15			Chief Constable 2013/14		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
		£000	£000	£000	£000	£000	£000
Local Policing		117,955	0	117,955	126,387	0	126,387
Dealing with the Public		21,517	0	21,517	22,086	0	22,086
Criminal Justice Arrangements		24,731	0	24,731	29,528	0	29,528
Road Policing		9,458	0	9,458	10,949	0	10,949
Specialist Operations		24,509	0	24,509	27,293	0	27,293
Intelligence		14,253	0	14,253	16,343	0	16,343
Investigation		60,435	0	60,435	59,802	0	59,802
Investigative Support		5,933	0	5,933	6,478	0	6,478
National Policing		20,220	0	20,220	13,295	0	13,295
<b>Police Services</b>		<b>299,012</b>	<b>0</b>	<b>299,012</b>	<b>312,161</b>	<b>0</b>	<b>312,161</b>
Non Distributed Costs - - Retirements Benefits Past Service Cost		9,459	0	9,459	0	0	0
<b>Cost of Services</b>		<b>308,471</b>	<b>0</b>	<b>308,471</b>	<b>312,161</b>	<b>0</b>	<b>312,161</b>
Other operating expenditure - - Levies to national police services		1,644	0	1,644	1,275	0	1,275
Financing and investment income and expenditure	6	118,089	0	118,089	118,477	0	118,477
Taxation and non-specific grant income		0	0	0	0	0	0
Commissioning Costs (intra-group transfer)		(428,204)	0	(428,204)	(431,913)	0	(431,913)
<b>(Surplus)/Deficit on Provision of Services</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Actuarial (gains)/losses on pension assets/liabilities				303,464			(174,913)
Commissioning Costs (intra-group transfer)				(303,464)			174,913
<b>Other Comprehensive Income and Expenditure</b>				<b>0</b>			<b>0</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>0</b>			<b>0</b>

## 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 2015 £000	31 March 2014 £000
Long Term Debtors - intra-group transfer		3,096,150	2,696,719
<b>Long Term Assets</b>		<b>3,096,150</b>	<b>2,696,719</b>
Inventories		876	796
Debtors - Intra-group working capital		18,618	15,849
<b>Current Assets</b>		<b>19,494</b>	<b>16,645</b>
Short Term Creditors	7	(19,494)	(16,645)
<b>Current Liabilities</b>		<b>(19,494)</b>	<b>(16,645)</b>
• Local Government Pension Schemes	13.1	(122,550)	(103,459)
• Police Pension Schemes	13.2	(2,973,600)	(2,593,260)
<b>Long Term Liabilities</b>		<b>(3,096,150)</b>	<b>(2,696,719)</b>
<b>Net Assets</b>		<b>0</b>	<b>0</b>

### 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 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.

## Police Pension Fund Account

Police Scheme	2014/2015 £000	2013/2014 £000
<b>Contributions receivable</b>		
from employer:		
• Normal	(24,970)	(25,125)
• Early retirements (incl. capital equivalent charge for ill health retirements)	(608)	(460)
from members	(14,328)	(13,761)
<b>Transfers in</b>		
Individual transfers in from other schemes	(472)	(709)
<b>Benefits payable</b>		
Pensions	65,527	62,583
Commutations and lump sum retirement benefits <sup>1</sup>	13,633	13,820
Revised Commutation factors (Milne v GAD)	9,350	0
Lump sum death benefits	93	76
<b>Payments to and on account of leavers</b>		
Individual transfers out to other schemes	821	894
<b>Sub-Total before transfer from the Police Fund</b>	<b>49,046</b>	<b>37,318</b>
<b>Additional funding payable by Police Fund</b>	<b>(49,046)</b>	<b>(37,318)</b>
<b>Net Amount payable/ receivable for the year</b>	<b>0</b>	<b>0</b>
<b>Net Asset Statement</b>		
<b>Net current assets and liabilities</b>		
<b>Current Assets</b>		
Debtor - net balances owed from the Police Fund	92	0
Debtor - net balances owed from the Police Fund	9,350	0
Bank balance	607	788
<b>Current Liabilities</b>		
Provisions	(9,350)	0
Creditor - benefits payable to retiring officers end of March paid April	(699)	0
Creditor - net balances owed to Police Fund	0	(788)
<b>Net</b>	<b>0</b>	<b>0</b>

### Notes to the Police Pension Fund Accounts

1. The Police Pension Scheme is administered by Capita plc under contract.
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 specific grant by the sponsoring government department (Home Office). Or if in surplus, the Pension Fund reimburses the Police Fund in order to reimburse the sponsoring department.
3. The fund's financial statements do not take account of other liabilities to pay pensions and other benefits after the year end, which are however accounted for on the 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 the following note.

## **Notes to the Accounts**

### **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 2014/15 - 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 expenditure**

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

Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Where expenditure has been recognised but cash has not been paid, a creditor for the relevant amount is recorded in the Balance Sheet. 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 Office of the Commissioner;
- 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 Office of the Commissioner;
- 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. time off in lieu, and cancelled rest days for police officer's) 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 by 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 demonstratable 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 General 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 Taff County Borough Council Pension Fund making appropriate employer contributions into that Pension Fund.

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**

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.

**Leases**

Costs are charged to expenditure over the life of the lease.

**Overheads**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice for Local Authorities (SeRCOP).

**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**

For 2014/15 the following accounting policy changes that need to be reported relate to:

IFRS 13 Fair Value Measurement (May 2011). The CIPFA/LASAAC Local Authority Accounting Code Board decided at its meeting in January 2014 to defer the implementation of IFRS 13 Fair Value Measurement to the 2015/16 Code. The basis of measurement for operational property is to be amended for public sector bodies from Fair to Current Value, anticipated to be a change in terminology only. CIPFA/LASAAC's work with HM Treasury has confirmed that it is appropriate to focus on valuing the service potential and thus the operating capacity used to deliver goods and services. CIPFA/LASAAC concluded that exit value although useful information for the users of the financial statements is not the best measurement for assets used for their operational capacity. The measurement requirements for operational property, plant and equipment will therefore not be subject to change.

It is anticipated that details of the disclosures required for these changes will be included in the Code of Practice and guidance notes to be issued for 2015/16 and applied accordingly in the 2015/16 Statements.

## **Note 3 Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in Note 1, 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 for local government. South Wales Police/ 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 2015 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
<b><u>Pensions Liability - Police (Information from Actuary)</u></b>				
Sensitivity of the defined benefit obligation to changes in the significant actuarial assumptions				
<u>Change in assumption*</u>		<u>Impact on Defined Benefit Obligation</u>		
			<u>%</u>	<u>£ million</u>
Rate of discounting scheme liabilities	-½% a year	11.6%	340	
Rate of increase in salaries	+½% a year	1.7%	53	
Rate of increase in pensions / deferred revaluation	+½% a year	9.3%	268	
Life expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed		2.5%	71	
<p>* 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.</p> <p>The weighted average duration of the defined benefit obligation is around 23 years for the old scheme and 33 years for the new scheme..</p>				
<b><u>Pensions Liability - LGPS (Information from Actuary)</u></b>				
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 2015 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.				
<u>Change in assumption*</u>		<u>Impact on Defined Benefit Obligation</u>		
			<u>%</u>	<u>£ million</u>
Adjustment to discount rate	-0.1% p.a		8	
Adjustment to salary increase rate	+0.1% p.a		3	
Adjustment to pension increase rate	+0.1% p.a		6	
Adjustment to mortality age rating assumption **			9	
**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 Statement of Accounts was authorised for issue by the Chief Financial Officer on 30 September 2015. There are no adjusting or non-adjusting events.

## Note 6 Financing and investment income and expenditure

	2014/15 £000	2013/14 £000
Pensions interest costs	118,140	118,500
<b>Less</b> Pension items relating to the Commissioner	(51)	(23)
Total	<b>118,089</b>	<b>118,477</b>

## Note 7 Creditors

	31 March 2015 £000	31 March 2014 £000
Central government bodies	5,131	5,160
Other local authorities	3,268	2,891
Other entities and individuals (incl other funds)	14,376	10,999
<b>Less</b> creditor items relating to the Commissioner	(3,281)	(2,405)
Total	<b>19,494</b>	<b>16,645</b>

## Note 8 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. South Wales Police/ the Commissioner has responsibility for a single service. Resource allocation decisions are taken by the Command Team and the Commissioner on the basis of the same budget reports. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- expenditure on some support services is budgeted for centrally and not charged to portfolios.

### Subjective Analysis - Income and Expenditure

	2014/15 £000	2013/14 £000
Employee expenses	190,838	187,634
Other operating expenses	117,633	124,527
<b>Total operating expenses</b>	<b>308,471</b>	<b>312,161</b>
<b>Net Cost of Services</b>	<b>308,471</b>	<b>312,161</b>

### Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement

	2014/15 £000	2013/14 £000
Cost of Services in Service Analysis	308,471	312,161
<b>Net Cost of Services in Comprehensive Income and Expenditure Statement</b>	<b>308,471</b>	<b>312,161</b>

Reconciliation to Subjective Analysis 2014/15	Service Analysis £000s	Net Cost of Services £000s	Corporate Amounts £000s	Total £000s
Intra-Group Transfer	0	0	(428,204)	(428,204)
	0	0	(428,204)	(428,204)
Employee expenses	190,838	190,838	0	190,838
Other service expenses	111,825	111,825	0	111,825
Use of assets charge (proxy for depreciation)	5,808	5,808	0	5,808
Interest Payments - pension retirement Benefits	0	0	118,089	118,089
Precepts & Levies	0	0	1,644	1,644
Gain or Loss on Disposal of Fixed Assets	0	0	0	0
<b>Total operating expenses</b>	<b>308,471</b>	<b>308,471</b>	<b>119,733</b>	<b>428,204</b>
<b>Surplus or deficit on the provision of services</b>	<b>308,471</b>	<b>308,471</b>	<b>(308,471)</b>	<b>-</b>

<b>Reconciliation to Subjective Analysis 2013/14</b>	Service Analysis £000s	<b>Net Cost of Services £000s</b>	Corporate Amounts £000s	<b>Total £000s</b>
Intra-Group Transfer	0	<b>0</b>	(431,913)	<b>(431,913)</b>
	0	<b>0</b>	<b>(431,913)</b>	<b>(431,913)</b>
Employee expenses	187,634	<b>187,634</b>	0	<b>187,634</b>
Other service expenses	118,630	<b>118,630</b>	0	<b>118,630</b>
Use of assets charge (proxy for depreciation)	5,897	<b>5,897</b>	0	<b>5,897</b>
Interest Payments - pension retirement Benefits	0	<b>0</b>	118,477	<b>118,477</b>
Precepts & Levies	0	<b>0</b>	1,275	<b>1,275</b>
Gain or Loss on Disposal of Fixed Assets	0	<b>0</b>	0	<b>0</b>
<b>Total operating expenses</b>	<b>312,161</b>	<b>312,161</b>	<b>119,752</b>	<b>431,913</b>
<b>Surplus or deficit on the provision of services</b>	<b>312,161</b>	<b>312,161</b>	<b>(312,161)</b>	<b>-</b>

## Note 9 Officers'/ Employee 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.

### Single entity – Chief Constable

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

	<b>2014/15</b>	<b>2013/14</b>
	<b>£</b>	<b>£</b>
Band of highest paid director (Chief Constable) - Total Remuneration (excl pension contribution)	160,000 - 164,999	160,000 - 164,999
Median Total Remuneration	32,501	31,864
<b>RATIO</b>	<b>5.1</b>	<b>5.1</b>

### 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. 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 – for the Chief Constable

Number of Police Officers and Police Staff (Employees):		
Remuneration band	2014/15	2013/14
£60,000 - £64,999	35	29
£65,000 - £69,999	16	11
£70,000 - £74,999	5	4
£75,000 - £79,999	5	9
£80,000 - £84,999	8	4
£85,000 - £89,999	4	5
£90,000 - £94,999	1	1
£95,000 - £99,999	1	0
£100,000 - £104,999	0	0
£105,000 - £109,999	3	4
£110,000 - £114,999	0	1
£115,000 - £119,999	0	0
£120,000 - £124,999	0	0
£125,000 - £129,999	1	1
£130,000 - £134,999	0	0
£135,000 - £139,999	0	0
£140,000 - £144,999	0	0
£145,000 - £149,999	0	0
£150,000 - £154,999	0	0
£155,000 - £159,999	0	0
£160,000 - £164,999	1	1
	<b>80</b>	<b>70</b>

## 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 of £183k as set out in the Comprehensive Income and expenditure Statement.

Exit package cost band (including special payments)	b Number of compulsory redundancies		c Number of other departures agreed (Voluntary redundancies)		[(b) + (c)] Total number of exit packages by cost band		Total cost of exit packages in each band	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15 £000	2013/14 £000
£0 – £20,000	0	0	0	0	0	0	0	0
£20,001 – £40,000	1	0	0	0	1	0	37	0
Total	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>37</b>	<b>0</b>

## 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.



Where columns are nil they need not be included. Equivalent disclosure is provided for the comparative year.

Other Payments include compensatory grant which is a payment to Police Officers to reimburse the tax deducted on the previous years rent allowance and compensatory grant.

### Single entity – for the Chief Constable 2014/15

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 2014/15	Pension contributions (Employers)	Total Remuneration including pension contributions 2014/15
		£	£	£	£	£	£	£	£	£
Chief Constable P.Vaughan		156,725	0	0	0	3,824	4,112	164,661	21,190	185,851

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 2014/15	Pension contributions (Employers)	Total Remuneration including pension contributions 2014/15
		£	£	£	£	£	£	£	£	£
Deputy Chief Constable		124,201	0	0	0	3,321	0	127,522	30,057	157,579
ACC Territorial Policing	Note 1	100,712	0	0	0	3,014	0	103,726	24,161	127,887
ACC Specialist Crime	Note 2	100,438	0	0	0	5,475	0	105,913	24,027	129,940
Director of Legal Services	Note 3	67,962	0	0	0	3,996	0	71,958	8,048	80,006
Director of Finance		102,155	0	0	0	7,221	0	109,376	12,156	121,532
ACC Specialist Ops		104,249	0	0	0	4,883	1,910	111,042	24,535	135,577
Director Of Human Resources	Note 4	102,155	0	0	0	4,761	0	106,916	12,156	119,072
ACC Seconded to Gwent Police	Note 5	78,509	0	0	0	0	0	78,509	18,208	96,717

Note 1 T/ACC from 1st April 2014 to 15th June 2014. New ACC commenced 16th June 2014

Note 2 T/ACC from 1st April 2014 to 15th June 2014. New ACC commenced 16th June 2014

Note 3 DLS retired 30th November 2014. Provides services for both South Wales Police and Gwent Police and a share of their costs are recharged

Note 4 Provides services for both South Wales Police and Gwent Police and a share of their costs are recharged

Note 5 ACC Seconded to Gwent Force from 16th June 2014

## Single entity – for the Chief Constable 2013/14

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)	Pension contributions (Employers)	Total Remuneration including pension contributions 2013/14
		£	£	£	£	£	£	£	£
Chief Constable P.Vaughan		155,235	0	0	0	3,842	4,103	36,072	199,252

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)	Pension contributions (Employers)	Total Remuneration including pension contributions 2013/14
		£	£	£	£	£	£	£	£
Deputy Chief Constable	Note 1	130,141	0	0	0	5,098	0	30,909	166,148
ACC Territorial Policing	Note 2	119,101	0	0	0	5,417	6,764	12,532	143,814
ACC Specialist Crime	Note 3	97,864	0	0	0	1,110	0	22,856	121,831
Director of Legal Services	Note 4	101,144	0	0	0	6,449	0	11,126	118,718
Director of Finance		101,144	0	0	0	6,705	0	11,126	118,974
ACC Specialist Ops		102,620	0	0	0	1,680	1,910	24,097	130,307
Director Of Human Resources	Note 5	101,144	0	0	0	4,522	0	11,126	116,791

Note 1. DCC retired 30th June 2013. New DCC temporary promoted 17th June to 31st March 2014

Note 2. ACC retired 24th Feb 2014. Temporary ACC from 27th Jan to 31st March 2014

Note 3. ACC promoted to DCC 17th June 2013. Temporary ACC to 31st March 2014

Note 4. Provides services for both South Wales Police and Gwent Police and a share of their costs are recharged

Note 5. Provides services for both South Wales Police and Gwent Police and a share of their costs are recharged

### Note 10 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 the Chief Constable might have been constrained in his ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Chief Constable.

Central government has significant influence over the general operations of the Chief Constable as it is responsible for providing the statutory framework within which the Chief Constable operates, provides the majority of funding to the Commissioner in the form of grants and prescribes the terms of many of the transactions that the Chief Constable has with other parties. Grants received from government departments, are set out in the Commissioner's 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.

## Note 11 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.

	2014/15 £000	2013/14 £000
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	104	105
<b>Total</b>	<b>104</b>	<b>105</b>

## 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:

	2014/15 £000	2013/14 £000
Not later than one year	1,653	1,382
Later than one year and not later than five years	911	753
Later than five years	319	169
	<b>2,883</b>	<b>2,304</b>

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

	2014/15 £000	2013/14 £000
Minimum lease payments (annual cost)	1,325	1,096
	<b>1,325</b>	<b>1,096</b>

## **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 Taff (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 2013, 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 General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Local Government Pension Scheme and Unfunded Discretionary Benefits	Discretionary Benefits			Discretionary Benefits		
	Pension Scheme	Arrangement	Total	Pension Scheme	Arrangement	Total
	2014/15	2014/15	2014/15	2013/14	2013/14	2013/14
	£000	£000	£000	£000	£000	£000
<b>Comprehensive Income and Expenditure Statement</b>						
<b>Cost of Services:</b>						
• Current service cost	10,600	0	<b>10,600</b>	12,850	0	<b>12,850</b>
• Past service costs	110	0	<b>110</b>	0	0	<b>0</b>
<b>Financing and Investment Income and Expenditure</b>						
• Interest on net defined benefit liability/ (asset)	4,300	60	<b>4,360</b>	5,880	60	<b>5,940</b>
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>15,010</b>	<b>60</b>	<b>15,070</b>	<b>18,730</b>	<b>60</b>	<b>18,790</b>
<b>Other Post Employment Benefit Charged to Other Comprehensive Income and Expenditure Statement</b>						
• Return on plan assets (in excess of) / below that recognised in net interest	(20,080)	0	<b>(20,080)</b>	(3,630)	0	<b>(3,630)</b>
• Actuarial (gains)/ losses:						
Due to changes in financial assumptions	43,970	110	<b>44,080</b>	(22,290)	(70)	<b>(22,360)</b>
Due to changes in demographic assumptions	0	0	<b>0</b>	(13,420)	20	<b>(13,400)</b>
Due to liability experience	(1,410)	(10)	<b>(1,420)</b>	(860)	0	<b>(860)</b>
<b>Total Post Employment Benefit Charged to Other Comprehensive Income and Expenditure Statement</b>	<b>22,480</b>	<b>100</b>	<b>22,580</b>	<b>(40,200)</b>	<b>(50)</b>	<b>(40,250)</b>
<b>Total Amount Recognised</b>	<b>37,490</b>	<b>160</b>	<b>37,650</b>	<b>(21,470)</b>	<b>10</b>	<b>(21,460)</b>
<b>Movement in Reserves Statement</b>						
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(15,010)	(60)	<b>(15,070)</b>	(18,730)	(60)	<b>(18,790)</b>
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>						
• Employers' contributions payable to scheme (note 1)	17,314	0	<b>17,314</b>	8,106	0	<b>8,106</b>
• Retirement benefits payable to pensioners	0	0	<b>0</b>	0	0	<b>0</b>

Note 1 The 2014/15 employers contribution includes £9M accelerated payment to the Scheme.

### Contributions for the accounting period ending 31 March 2016

The Employer's regular contributions to the Fund for the accounting period ending 31 March 2016 are estimated to be £8.60M. Additional contributions may also become due in respect of any employer discretions to enhance members' benefits in the Fund over the next accounting period.

<b>Assets and Liabilities in Relation to Post-employment Benefits</b>						
Reconciliation of present value of the scheme liabilities (defined benefit obligation):						
	Funded Pension Scheme	Unfunded Discretionary Benefits	Total	Funded Pension Scheme	Unfunded Discretionary Benefits	Total
	2014/15	2014/15	2014/15	2013/14	2013/14	2013/14
	£000	£000	£000	£000	£000	£000
<b>Opening balance at 1 April</b>	(295,540)	(1,510)	<b>(297,050)</b>	(308,170)	(1,590)	<b>(309,760)</b>
Current service cost	(10,600)		<b>(10,600)</b>	(12,850)		<b>(12,850)</b>
Interest cost	(12,920)	(60)	<b>(12,980)</b>	(14,110)	(60)	<b>(14,170)</b>
Contributions by scheme participants	(3,680)		<b>(3,680)</b>	(3,430)		<b>(3,430)</b>
Benefits paid	7,710	100	<b>7,810</b>	6,450	90	<b>6,540</b>
Past service costs	(110)	0	<b>(110)</b>	0	0	<b>0</b>
Due to changes in financial assumptions	(43,970)	(110)	<b>(44,080)</b>	22,290	70	<b>22,360</b>
Due to changes in demographic assumptions	0	0	<b>0</b>	13,420	(20)	<b>13,400</b>
Due to liability experience	1,410	10	<b>1,420</b>	860	0	<b>860</b>
<b>Closing balance at 31 March</b>	<b>(357,700)</b>	<b>(1,570)</b>	<b>(359,270)</b>	<b>(295,540)</b>	<b>(1,510)</b>	<b>(297,050)</b>

Reconciliation of fair value of the scheme (plan) <b>assets:</b>		
Local Government Pension Scheme	2014/15	2013/14
	£000	£000
<b>Opening balance at 1 April</b>	193,190	176,240
interest income on assets	8,620	8,230
Remeasurement gains/ (losses) on assets	20,080	3,630
Employer contributions	17,420	8,110
Contributions by scheme participants	3,680	3,430
Benefits paid	(7,710)	(6,450)
<b>Closing balance at 31 March</b>	<b>235,280</b>	<b>193,190</b>

Scheme History					
	2014/15	2013/14	2012/13	2011/12	2010/11
	£000	£000	£000	£000	£000
<b>Present value of liabilities:</b>					
Local Government Pension Scheme	(357,700)	(295,540)	(308,170)	(273,910)	(237,240)
Discretionary Benefits	(1,570)	(1,510)	(1,590)	(1,510)	(1,410)
Fair value of assets in the Local Government Pension Scheme	235,280	193,190	176,240	148,190	142,820
<b>Total</b>	<b>(123,990)</b>	<b>(103,860)</b>	<b>(133,520)</b>	<b>(127,230)</b>	<b>(95,830)</b>
<b>Surplus/(deficit) in the scheme:</b>					
Local Government Pension Scheme	(122,420)	(102,350)	(131,930)	(125,720)	(94,420)
Discretionary Benefits	(1,570)	(1,510)	(1,590)	(1,510)	(1,410)
<b>Total</b>	<b>(123,990)</b>	<b>(103,860)</b>	<b>(133,520)</b>	<b>(127,230)</b>	<b>(95,830)</b>

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 £123.990M 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
- 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 2013.

The principal assumptions used by the actuary have been:

Local Government	Pension Scheme	Discretionary Benefits	Pension Scheme	Discretionary Benefits
	2014/15	2014/15	2013/14	2013/14
<b>Mortality assumptions:</b>				
Longevity at 65 for current pensioners:				
• Men	23.0	-	22.9	-
• Women	25.9	-	25.8	-
<b>Longevity at 65 for future pensioners:</b>				
• Men	25.2	-	25.1	-
• Women	28.3	-	28.2	-
<b>Principal Financial Assumptions:</b>				
Rate of increase in salaries	3.4%	-	3.9%	-
Rate of increase in pensions	1.9%	1.8%	2.4%	2.2%
Rate for discounting scheme liabilities	3.3%	3.1%	4.4%	4.2%
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.

	31 March 2015 %	31 March 2014 %
Equity investments	69.0%	71.0%
Property	5.6%	5.9%
Government Bonds	9.7%	8.5%
Corporate Bonds	11.7%	11.7%
Cash and other assets	4.0%	2.9%
	<u>100.0%</u>	<u>100.0%</u>

### **13.2 The Police Pension Scheme (for Police Officers)**

- including old pension scheme 1987, new pension scheme 2006, 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.

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



Police Pension and Unfunded Injury Benefit Scheme	Discretionary Benefits			Discretionary Benefits		
	Pension Scheme	Arrangement	Total	Pension Scheme	Arrangement	Total
	2014/15 £000	2014/15 £000	2014/15 £000	2013/14 £000	2013/14 £000	2013/14 £000
<b>Comprehensive Income and Expenditure Statement</b>						
<b>Cost of Services:</b>						
• Current service cost	51,770	1,270	<b>53,040</b>	58,530	1,340	<b>59,870</b>
• Past service costs			<b>0</b>	0	0	<b>0</b>
<b>Financing and Investment Income and Expenditure</b>						
• Interest on net defined benefit liability/ (asset)	109,140	4,640	113,780	107,660	4,900	112,560
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>160,910</b>	<b>5,910</b>	<b>166,820</b>	<b>166,190</b>	<b>6,240</b>	<b>172,430</b>
<b>Other Post Employment Benefit Charged to Other Comprehensive Income and Expenditure Statement</b>						
• Actuarial (gains)/ losses:						
Due to changes in financial assumptions	445,440	12,370	<b>457,810</b>	(80,940)	(2,130)	<b>(83,070)</b>
Due to changes in demographic assumptions	(88,480)	(38,480)	<b>(126,960)</b>			<b>0</b>
Due to liability experience	(50,780)	1,630	<b>(49,150)</b>	(40,710)	(10,230)	<b>(50,940)</b>
<b>Total Post Employment Benefit Charged to Other Comprehensive Income and Expenditure Statement</b>	<b>306,180</b>	<b>(24,480)</b>	<b>281,700</b>	<b>(121,650)</b>	<b>(12,360)</b>	<b>(134,010)</b>
<b>Total Amount Recognised</b>	<b>467,090</b>	<b>(18,570)</b>	<b>448,520</b>	<b>44,540</b>	<b>(6,120)</b>	<b>38,420</b>
<b>Movement in Reserves Statement</b>						
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(160,910)	(5,910)	<b>(166,820)</b>	(166,190)	(6,240)	<b>(172,430)</b>
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>						
• Employers' contributions payable to scheme	25,576	2,560	<b>28,136</b>	25,578	2,440	<b>28,018</b>
• Retirement benefits payable to pensioners (grant funded)			<b>0</b>			<b>0</b>

## Contributions for the accounting period ending 31 March 2016

The Employer's regular contributions to the Fund for the accounting period ending 31 March 2016 are estimated to be £28.1M.

Membership numbers in the old and new police 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.

<b>Assets and Liabilities in Relation to Post-employment Benefits</b>						
Reconciliation of present value of the scheme liabilities (defined benefit obligation):						
	Funded Pension Scheme			Unfunded Discretionary Benefits		
	2014/15	2014/15	Total	2013/14	2013/14	Total
	£000	£000	£000	£000	£000	£000
<b>Opening balance at 1 April</b>	(2,487,220)	(106,040)	<b>(2,593,260)</b>	(2,506,290)	(114,600)	<b>(2,620,890)</b>
Current service cost	(51,770)	(1,270)	<b>(53,040)</b>	(58,530)	(1,340)	<b>(59,870)</b>
Interest cost	(109,140)	(4,640)	<b>(113,780)</b>	(107,660)	(4,900)	<b>(112,560)</b>
Contributions by scheme participants	(14,330)	0	<b>(14,330)</b>	(13,760)	0	<b>(13,760)</b>
Actuarial gains and (losses)	(306,180)	24,480	<b>(281,700)</b>	121,650	12,360	<b>134,010</b>
Benefits paid	79,950	2,560	<b>82,510</b>	77,370	2,440	<b>79,810</b>
<b>Closing balance at 31 March</b>	<b>(2,888,690)</b>	<b>(84,910)</b>	<b>(2,973,600)</b>	<b>(2,487,220)</b>	<b>(106,040)</b>	<b>(2,593,260)</b>

Reconciliation of fair value of the scheme (plan) <b>assets:</b>		
Police Pension Scheme		
	2014/15	2013/14
	£000	£000
<b>Opening balance at 1 April</b>	0	0
Remeasurement gains/ (losses) on assets- 'balance'	40,044	38,032
Employer contributions	28,136	28,018
Contributions by scheme participants	14,330	13,760
Benefits paid	(82,510)	(79,810)
<b>Closing balance at 31 March</b>	<b>0</b>	<b>0</b>

Scheme History					
	2014/15	2013/14	2012/13	2011/12	2010/11
	£000	£000	£000	£000	£000
<b>Present value of liabilities:</b>					
Police Pension Scheme	(2,888,690)	(2,487,220)	(2,506,290)	(2,209,160)	(2,065,090)
Discretionary Benefits	(84,910)	(106,040)	(114,600)	(100,420)	(86,490)
<b>Total</b>	<b>(2,973,600)</b>	<b>(2,593,260)</b>	<b>(2,620,890)</b>	<b>(2,309,580)</b>	<b>(2,151,580)</b>
<b>Surplus/(deficit) in the scheme:</b>					
Police Pension Scheme	(2,888,690)	(2,487,220)	(2,506,290)	(2,209,160)	(2,065,090)
Discretionary Benefits	(84,910)	(106,040)	(114,600)	(100,420)	(86,490)
<b>Total</b>	<b>(2,973,600)</b>	<b>(2,593,260)</b>	<b>(2,620,890)</b>	<b>(2,309,580)</b>	<b>(2,151,580)</b>

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 £2,973.600M 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.
- 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 have been:

Police	Pension Scheme	Discretionary Benefits	Pension Scheme	Discretionary Benefits
	2014/15	2014/15	2013/14	2013/14
<b>Mortality assumptions:</b>				
Longevity at 65 for current pensioners:				
• Men	23.3	23.3	23.4	23.4
• Women	25.7	25.7	25.9	25.9
<b>Longevity at 65 for future pensioners:</b>				
• Men	25.4	25.4	25.6	25.6
• Women	27.9	27.9	28.0	28.0
<b>Principal Financial Assumptions:</b>				
Rate of inflation RPI	3.35%		3.65%	
Rate of inflation CPI	2.20%		2.50%	
Rate of increase in salaries	4.20%		4.50%	
Rate of increase in pensions	2.20%		2.50%	
Rate for discounting scheme liabilities	3.30%		4.40%	
Assumed rate of return in excess of pensions	1.10%		1.85%	
Assumed rate of return in excess of earnings	-0.90%		-0.10%	
Take-up of option to convert annual pension into retirement lump sum	actuarially neutral		actuarially neutral	

## 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, he will look to work in collaboration with other Commissioner's 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.

A summary of the Expenditure and Income Statement for the main activities of the continuing units are as follows:

## CTIU / TARIAN

2014/15	Counter Terrorism Intelligence Unit	Counter Terrorism Specialist Advisors	Counter Terrorism Port/ Dedicated Security	Regional Organised Crime Unit	Regional Organised Crime Unit - north wales	Regional Task Force	Special Branch	TOTAL
	£k	£k	£k	£k		£k	£k	£k
<b>Number of forces</b>	4	4	4	3	1	3	1	
<b>Service Classification</b>	National Policing	National Policing	National Policing	Intelligence/ Investigation		Intelligence		
Pay Expenditure	3,925	466	5,172	3,206	264	1,913	1,116	16,062
Non Pay Expenditure	815	17	366	637	57	708	102	2,702
<b>Gross Expenditure</b>	<b>4,740</b>	<b>483</b>	<b>5,538</b>	<b>3,843</b>	<b>321</b>	<b>2,621</b>	<b>1,218</b>	<b>18,764</b>
Specific Grant Income	(4,639)	(483)	(5,538)	(2,663)	(189)	(500)	0	(14,012)
Income	(101)	0	0	(34)	0	(27)	(121)	(283)
<b>Total Income &amp; Grants</b>	<b>(4,740)</b>	<b>(483)</b>	<b>(5,538)</b>	<b>(2,697)</b>	<b>(189)</b>	<b>(527)</b>	<b>(121)</b>	<b>(14,295)</b>
South Wales Police	0	0	0	(603)	0	(1,131)	(1,097)	(2,831)
Dyfed Powys Police	0	0	0	(230)	0	(440)	0	(670)
Gwent Police	0	0	0	(313)	0	(523)	0	(836)
North Wales Police	0	0	0	0	(132)	0	0	(132)
<b>Force Contributions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,146)</b>	<b>(132)</b>	<b>(2,094)</b>	<b>(1,097)</b>	<b>(4,469)</b>
<b>(Surplus) or Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

2013/14	Counter Terrorism Intelligence Unit	Counter Terrorism Specialist Advisors		Regional Organised Crime Unit		Regional Task Force		TOTAL
	£k	£k		£k		£k		£k
<b>Service Classification</b>	National Policing	National Policing		Intelligence/ Investigation		Intelligence		
Pay Expenditure	3,049	483		2,564		2,048		8,144
Non Pay Expenditure	1,094	36		1,041		766		2,937
<b>Gross Expenditure</b>	<b>4,143</b>	<b>519</b>		<b>3,605</b>		<b>2,814</b>		<b>11,081</b>
Specific Grant Income	(4,090)	(519)		(2,262)		(642)		(7,513)
Income	(53)	0		(5)		(29)		(87)
<b>Total Income &amp; Grants</b>	<b>(4,143)</b>	<b>(519)</b>		<b>(2,267)</b>		<b>(671)</b>		<b>(7,600)</b>
South Wales Police	0	0		(628)		(1,157)		(1,785)
Dyfed Powys Police	0	0		(239)		(450)		(689)
Gwent Police	0	0		(326)		(536)		(862)
North Wales Police	0	0		(144)		0		(144)
<b>Force Contributions</b>	<b>0</b>	<b>0</b>		<b>(1,338)</b>		<b>(2,143)</b>		<b>(3,481)</b>
<b>(Surplus) or Deficit</b>	<b>0</b>	<b>(0)</b>		<b>0</b>		<b>(0)</b>		<b>(0)</b>

## SHARE OF SERVICE BENEFIT

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

This statement shows the revised cost shares based upon the new accounting for collaboration arrangements. Assets, debtors and creditors in respect of the arrangements have remained in the balance sheets of forces on the basis of materiality.

2014/15	Counter Terrorism Intelligence Unit	Counter Terrorism Specialist Advisors	Counter Terrorism Port / Dedicated Security	Regional Organised Crime Unit	Regional Organised Crime Unit - north wales	Regional Task Force	Special Branch	TOTAL
<b>share of service benefit</b>	population (national benefit basis)	population (national benefit basis)	population (national benefit basis)	population (national benefit basis)		agreed financial contribution (local delivery)	own spending	
<b>Gross Expenditure</b>								
Dyfed-Powys	796	81	930	832	0	550	0	3,191
Gwent	891	91	1,041	931	0	655	0	3,610
North Wales	note1	note1	note1	0	321	0	0	321
South Wales	1,991	203	2,326	2,080	0	1,415	1,218	9,234
	<b>3,678</b>	<b>375</b>	<b>4,297</b>	<b>3,843</b>	<b>321</b>	<b>2,621</b>	<b>1,218</b>	<b>16,355</b>
<b>excluding North Wales Gross Expenditure</b>	1,062	108	1,241	0	0	0	0	2,411
	<b>4,740</b>	<b>483</b>	<b>5,538</b>	<b>3,843</b>	<b>321</b>	<b>2,621</b>	<b>1,218</b>	<b>18,764</b>

2014/15	Counter Terrorism Intelligence Unit	Counter Terrorism Specialist Advisors	Counter Terrorism Port / Dedicated Security	Regional Organised Crime Unit		Regional Task Force	Special Branch	TOTAL
<b>Total Income &amp; Grants</b>								
Dyfed-Powys	(796)	(81)	(930)	(584)	0	(111)	0	(2,502)
Gwent	(891)	(91)	(1,041)	(653)	0	(132)	0	(2,808)
North Wales	note1	note1	note1	0	(189)	0	0	(189)
South Wales	(1,991)	(203)	(2,326)	(1,460)	0	(285)	(121)	(6,383)
	<b>(3,678)</b>	<b>(375)</b>	<b>(4,297)</b>	<b>(2,697)</b>	<b>(189)</b>	<b>(527)</b>	<b>(121)</b>	<b>(11,884)</b>
<b>excluding North Wales</b>	(1,062)	(108)	(1,241)	0	0	0	0	(2,410)
<b>Total Income &amp; Grants</b>	<b>(4,740)</b>	<b>(483)</b>	<b>(5,538)</b>	<b>(2,697)</b>	<b>(189)</b>	<b>(527)</b>	<b>(121)</b>	<b>(14,295)</b>

note 1- North Wales Police, are basing their costs and income on actual costs rather than an allocation on Welsh population. Furthermore, they are not included in the Regional Task Force, which operates in the southern Welsh forces and for ROCU they contribute to the North West Region of England and North Wales.

Figures for other Welsh forces are based on population to indicate the approximate share of costs and grant and other income, as now required for Joint Operations by a revised IFRS11. Further explanation in Accounting Policies.

No comparative information is available for the prior year without further considerable restatement.

## Other

2014/15	Scientific Investigation Unit	Joint Firearms Unit	TOTAL
	£k	£k	£k
<b>Number of forces</b>	2	3	
<b>Service Classification</b>	Investigative Support	Specialist Operations	
Pay Expenditure	6,096	10,523	<b>16,619</b>
Non Pay Expenditure	529	1,278	<b>1,807</b>
<b>Gross Expenditure</b>	<b>6,625</b>	<b>11,801</b>	<b>18,426</b>
Specific Grant Income	0	0	<b>0</b>
Income	(32)	0	<b>(32)</b>
<b>Total Income &amp; Grants</b>	<b>(32)</b>	<b>0</b>	<b>(32)</b>
South Wales Police	(4,175)	(5,766)	<b>(9,941)</b>
Dyfed Powys Police	0	(3,143)	<b>(3,143)</b>
Gwent Police	(2,418)	(2,892)	<b>(5,310)</b>
North Wales Police	0	0	<b>0</b>
<b>Force Contributions</b>	<b>(6,593)</b>	<b>(11,801)</b>	<b>(18,394)</b>
<b>(Surplus) or Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>

2013/14	Scientific Investigation Unit	Joint Firearms Unit	TOTAL
	£k	£k	£k
<b>Service Classification</b>	Investigative Support	Specialist Operations/ Support to Specialist Operations	
Pay Expenditure	5,926	10,442	<b>16,368</b>
Non Pay Expenditure	713	1,164	<b>1,877</b>
<b>Gross Expenditure</b>	<b>6,639</b>	<b>11,606</b>	<b>18,245</b>
Specific Grant Income	0	0	<b>0</b>
Income	(4)	(61)	<b>(65)</b>
<b>Total Income &amp; Grants</b>	<b>(4)</b>	<b>(61)</b>	<b>(65)</b>
South Wales Police	(4,249)	(5,612)	<b>(9,862)</b>
Dyfed Powys Police	0	(3,189)	<b>(3,189)</b>
Gwent Police	(2,385)	(2,744)	<b>(5,129)</b>
North Wales Police	0	0	<b>0</b>
<b>Force Contributions</b>	<b>(6,635)</b>	<b>(11,545)</b>	<b>(18,180)</b>
<b>(Surplus) or Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>

## SHARE OF SERVICE BENEFIT

2014/15	Scientific Investigation Unit	Joint Firearms Unit	TOTAL
<b>share of service benefit</b>	financial contribution (local delivery)	financial contribution (local delivery)	
<b>Gross Expenditure</b>			
Dyfed-Powys	0	3,143	<b>3,143</b>
Gwent	2,429	2,892	<b>5,322</b>
North Wales	0	0	<b>0</b>
South Wales	4,196	5,766	<b>9,962</b>
	<b>6,625</b>	<b>11,801</b>	<b>18,426</b>
<b>excluding North Wales Gross Expenditure</b>	<b>0 6,625</b>	<b>0 11,801</b>	<b>0 18,426</b>

2014/15	Scientific Investigation Unit	Joint Firearms Unit	TOTAL
<b>Total Income &amp; Grants</b>			
Dyfed-Powys	0	0	<b>0</b>
Gwent	(12)	0	<b>(12)</b>
North Wales	0	0	<b>0</b>
South Wales	(20)	0	<b>(20)</b>
	<b>(32)</b>	<b>0</b>	<b>(32)</b>
<b>excluding North Wales</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Income &amp; Grants</b>	<b>(32)</b>	<b>0</b>	<b>(32)</b>

## **Glossary of Terms**

### **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 account period but for which payment has not been made/received at the balance sheet date.

### **AGENCY SERVICES**

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

### **ACTUARIAL GAINS AND LOSSES**

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

### **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 FINANCING ACCOUNT / CAPITAL ADJUSTMENT ACCOUNT**

The Capital Financing 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.



**CURRENT SERVICE COST (PENSIONS)**

The increase in the present value of pension scheme's liabilities expected to arise from employee service in the current period.

**CREDITOR**

An amount owed by South Wales Police/ the Commissioner for work done, goods received or services rendered within the accounting period but for which payment has not yet been made.

**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.

**FAIR VALUE**

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

**IMPAIRMENT**

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

**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 BALANCE**

This reserve, which 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 the approved capital expenditure programme 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 National Assembly for Wales 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.

**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 assets.

**TEMPORARY BORROWING/INVESTMENT**

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