

CHIEF CONSTABLE FOR GWENT

STATEMENT OF ACCOUNTS

2014/2015

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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 Gwent 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.

Police Reform and Social Responsibility Act 2011

Financial year 2012/13 saw the biggest change in police governance for a number of years with the introduction of Police and Crime Commissioners.

The Police Reform and Social Responsibility Act 2011 (PRSRA) abolished Gwent Police Authority at midnight on the 21st November 2012 and replaced it with a directly elected Police and Crime Commissioner (referred to as the Commissioner or abbreviated to PCC throughout this document).

The first election took place on the 15th November 2012 with the people of Gwent voting for Ian Johnston as their Commissioner, to oversee policing in their area. The Commissioner took up his office on the 22nd November 2012.

The Commissioner will hold office for four years and his responsibilities include:

- Securing the maintenance of an efficient and effective local police force;
- Holding the Chief Constable to account for the exercise of his functions and those of persons under his direction and control;
- Appointing or dismissing the Chief Constable;
- Producing the five year Police and Crime Plan which includes police and crime objectives;
- Setting the annual council tax precept and budget;

The Police and Crime Panel scrutinises the Commissioner to promote openness in the transaction of police business and also support the Commissioner in the effective exercise of his functions. The Panel comprises of 10 elected members and two independent members.

The Chief Constable is responsible for maintaining the Queen's Peace and the enforcement of the law, and has direction and control over the force's officers and staff. The Chief Constable is accountable to the Commissioner for the delivery of efficient and effective policing, management of resources and expenditure by the police force. The Commissioner effectively commissions the police service from the Chief Constable.

Each Commissioner and their Chief Constable is established in law as a corporation sole under the PRSRA. Each is a separate legal entity and as such, both are enabled by law to employ staff and hold funds in their official capacity. The term corporation sole is often used in respect of public office that has a separate and continuing legal existence and only one member – the sole office holder. Any contract made with a corporation sole continues from one officeholder to their successor or, if made during a vacancy in office, to the appointee.

There are legislative requirements upon the Commissioner and Chief Constable to appoint certain officers. The Commissioner must appoint a Chief Executive Officer (CEO) and both the Commissioner and Chief Constable must appoint a suitably qualified Chief Finance Officer (CFO).

Statement of Accounts

These are the third statutory accounts for the Chief Constable prepared under the new governance arrangements. Each corporation sole is required to produce their own single entity Statement of Accounts with the Commissioner producing a Statement of Accounts for the Group.

The transfer of assets, staff and liabilities from Gwent Police Authority to the Commissioner occurred at midnight on the 21st November 2012 by way of a statutory transfer, known as the Stage 1 transfer.

All police staff remained employed by the Commissioner during Stage 1 as the Police Authority's successor. During Stage 1 the Commissioner has assigned authority and responsibility to staff under the direction and control of the Chief Constable to carry out specific activities via delegated authority in the same way as he would delegate functions to his CEO and CFO. Under delegated authority, the Commissioner remains accountable for the outcome of the delegated work.

The Commissioner therefore owns and funds all assets regardless of whether they are used by the Commissioner, force or both entities. The Commissioner is the recipient of all funding, including government grant and precept and other sources of income, relating to policing and crime reduction and all funding for the force must come via the Commissioner. How this money is allocated is a matter for the Commissioner in

Explanatory Foreword and Financial Review

consultation with the Chief Constable, or in accordance with any grant terms. The PRSRA prohibits the Chief Constable from borrowing money.

Stage 2 Transfer

The PRSRA 2011 gave the Home Secretary power to direct each PCC to submit a transfer scheme to formally move police staff from the Commissioner's employment to that of the Chief Constable. On 27th March 2013 the Home Secretary exercised that power and directed that PCC's submit a transfer scheme to her by 16th September 2013.

The political intent of this element of the legislation is to give greater clarity of role and the division of responsibilities between PCC and Chief Constables (Police Forces). A letter from Damian Green MP, Policing Minister confirmed the Government's ambition and highlighted that one of the drivers to this ambition was the findings of the HMIC on the governance of policing. The T/Chief Constable and Chief Executive were asked to establish a board to take forward scoping work with a view to presenting to the PCC principles for transfer and possible options in relation to future staffing arrangements.

The Stage 2 Transfer Group was established and as well as ensuring the process of division of responsibilities and staff, it also reviewed the Manual of Corporate Governance (MoCG) to ensure that it was suitable for use when the Office of the Police and Crime Commissioner and Chief Constable of Gwent Police became two corporations sole. During discussions, the Commissioner and the Chief Constable agreed that all staff other than those directly working for the Commissioner would transfer to the employment of the Chief Constable.

The Home Secretary approved the Stage 2 Transfer Scheme on the 28th March 2014. On the 1st April 2014 all staff other than those directly working for the Commissioner transferred to the employment of the Chief Constable. The reviewed MoCG has been in use since the 1st April 2014.

Statutory Framework for the Statement of Accounts

The Accounts and Audit (Wales) Regulations 2014 as amended, require local government bodies to prepare a Statement of Accounts in accordance with proper practices. The Code is identified as representing proper practices.

The Accounts and Audit (Wales) (Amendment) Regulations 2013 ensure that all the requirements contained in the 2005 Regulations apply to Commissioners and Chief Constables in Wales for the 2013/14 financial year and beyond.

The Code applies to local government bodies set out in the Public Audit (Wales) Act 2004 who are required to prepare accounts for audit under the Wales Audit Office regime. Section 12 of this Act has been amended by the PRSRA to replace reference to Police Authority's 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 Chief Constable's Statement of Accounts for the financial year ended 31st March 2015, which are in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and consist of:

- **Explanatory Forward** – which provides a guide to the most significant matters reported in the accounts;
- **Independent Auditor's Report** – which confirms the opinion of the auditor as to whether the accounting statements present fairly the financial position of the Chief Constable;
- **Statement of Responsibilities** – which sets out the respective responsibilities of the Chief Constable and the Assistant Chief Officer – Resources, for the Statement of Accounts;
- **Annual Governance Statement** – which is a statement by the Chief Constable, describing how the system of internal control, has ensured that its functions, have been exercised with a combination of economy, efficiency and effectiveness during the year.
- **Financial Statements:**
 - **Comprehensive Income and Expenditure Statement (CIES)** - shows the accounting cost in the year of providing services in accordance with generally accepted accounting practice, rather than the amount funded from taxation.

Explanatory Foreword and Financial Review

- **Balance Sheet** – which shows the value of the assets and liabilities (net worth) of the Chief Constable as at 31st March 2015;
- The Financial Statements do not contain a **Movement in Reserves Statement** as all reserves belong to the PCC. Similarly the Chief Constable does not hold any cash and therefore there is no **Cash Flow Statement** within the Chief Constable's Statement of Accounts.
- **Notes to the Financial Accounts** - which provide further analysis and explanations to the entries in the 'core' financial statements.

Financial Performance of the Chief Constable

The budget for the Police and Crime Commissioner for Gwent, was set by the Commissioner, on the 24th January 2014 and was funded as follows:-

	£m
Home Office Police Grant	46.168
Welsh Government Revenue Support Grant	17.156
National Non-domestic Rates	13.519
Council Tax	42.675
Total Funding (Net Revenue Expenditure)	119.518

Adding other items of budgeted income such as specific grants, fees and charges of £34.410m (including £22.913 of which was NATO related), investment income of £0.162m and use of Reserves of £1.414m gives a Gross Revenue Budget of £155.503m for 2014/15.

The majority of this gross budget is attributable to Policing Services under the direction and control of the Chief Constable. Table 1 below, provides a breakdown of performance against this budget. 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 the Police and Crime Commissioner's Group Statement of Accounts.

The amount of budget allocated to the Chief Constable is equal to that of the Police and Crime Commissioner Group less the cost of administering the Office of the Police and Crime Commissioner.

The following table therefore shows that the budgeted cost of commissioned Police Services for 2014/15 was £151.650m. Actual Expenditure against this budget was £145.945m, giving an over spend for the year on the Commissioning of Police Services of £5.705m. This overspend has been transferred to reserves which are owned by the Police and Crime Commissioner.

Explanatory Foreword and Financial Review

POLICE AND CRIME COMMISSIONER GROUP				CHIEF CONSTABLE			
Approved Annual Budget	Revised Annual Budget	Actual Outturn	Variance (Overspend) / Underspend		Revised Annual Budget	Actual Outturn	Variance (Overspend) / Underspend
£000	£000	£000	£000		£000	£000	£000
71,763	72,266	68,765	3,501	Police Officer Pay	72,260	68,801	3,459
30,091	30,700	30,330	370	Police Staff Pay	29,870	29,477	393
2,169	2,199	2,600	(401)	Other Employee Costs	2,183	2,590	(407)
5,755	9,590	8,940	650	Premises Costs	9,585	8,937	648
3,294	8,413	7,896	517	Transport Costs	8,386	7,871	515
16,748	30,448	29,421	1,027	Supplies and Services Costs	27,479	26,745	734
691	691	241	450	Major Incidents	691	241	450
(31)	(31)	43	(74)	Proactive Operational Initiatives	(31)	43	(74)
727	727	698	29	Contributions to NPIA	727	698	29
500	500	542	(42)	Capital Charges	500	542	(42)
		0	0	Development Reserve	0	0	0
		0	0	Identified Recurring Savings	0	0	0
131,707	155,503	149,476	6,027	Cost of Services	151,650	145,945	5,705
(162)	(162)	(175)	13	Investment Income			
(9,327)	(34,410)	(34,644)	234	Other Income			
(9,489)	(34,572)	(34,819)	247	(Surplus)/Deficit on provision of services			
2,190	2,190	2,199	(9)	Previously Approved Transfers to Reserves			
124,408	123,121	116,856	6,265	Net Expenditure			
(124,408)	(123,121)	(121,249)	(1,872)	Funding and Specific Grant Income			
0	0	(4,393)	4,393	(Underspend)/Overspend before Transfers to from/reserves			

Looking Ahead

The planning guidelines for the 2015 Comprehensive Spending Review (CSR), have implied real term reductions in unprotected Departments (of which the Home Office is one) of between 25% and 40% by 2019/20. On the likely basis that the full effect of these cuts will be passed onto Commissioners, then this will mean major restructuring of all the public services charged with maintaining law, order and public safety. The intrinsic structure of Policing has largely survived the cuts of the 2010 CSR, but further real terms reductions in grants will inevitably result in fundamental changes to the service's current role and how it is organised. It is unrealistic to assume an infinite capacity to cut staff levels and support resources. Financial modelling suggests that even after providing for further reductions in staff and other costs, and major use of reserves, the unfunded budget gap could be over £400m nationally in the early years, rising to much more substantial levels towards the end of the period. There are only very limited options for addressing these gaps within the constraints of current rules and expectations.

Police and Crime services have borne their share of the spending cuts since 2010 without the benefit of protection. The Staying Ahead Programme, initiated in Gwent to address the budgetary difficulties stemming from the 2007 CSR, continues to be successful in delivering efficiency schemes. Between 2008/09 to 2019/20, Gwent Police will have faced a £65m recurrent financial deficit, however, by the end of 2014/15, the Staying Ahead Programme has delivered nearly £32m of efficiency schemes to combat this deficit, leaving over £33m of savings remaining to be delivered, of which plans exist for nearly £24m.

The service has taken resolute action to manage the required changes, while maintaining the balance between demands and resources. Resources have been utilised in innovative ways, and the seeds of transformation have been sown, but it will take time and a shared commitment across Government and public services. Police and Crime Commissioners are prepared for further challenges when the 2015 CSR allocations are announced. The focus will remain on cost reduction and service protection, although in some areas the consequences may be uncomfortable.

Commissioners inherited a service already in transition, and there are many examples since 2012 of how they have applied their unique role to help establish crucial processes and relationships for the future. The remit of PCCs is entirely pertinent to today's circumstances. They provide the community with a recognisable contact, independent of the Force and the Government. The '...and Crime' part of their title is acknowledgement that many of the current influences on law and order - and the consequences for victims - are beyond the control of the Police acting alone. Commissioners have the powers and the streamlined decision making processes to make things happen, not only through the Force but also in close collaboration with a wide range of partners in communities and other sectors.

As child sexual exploitation (CSE), cyber crime and terrorism have so vividly shown, demands are constantly changing. Over the next 10 years, the world within which Police and Crime services operate will continue to be more globally and internet driven, which will bring further new risks. Public services such as Police must not fall behind. Crime and community safety is the responsibility of everyone, from Government to individual members of society. Over the next 5 years, the nation must get to the real core of issues, investing in prevention and ensuring that the necessary skills are available. Many of today's problems have their origins in family life, early education, and religious beliefs. The needs of victims are now recognised, and with the right support, Commissioners can take an even more proactive role in victim advocacy.

Timescales must be realistic. Massive improvements in productivity have been achieved, but it is not simply a case of running faster; productivity also means providing the services which users need. While further savings in running costs, procurement and ICT can be delivered over the next two years, the more fundamental reconfiguration of roles which is now required will take at least five years.

The Home Office consultation on future funding arrangements was issued at the same time as the announcements about the 2015 CSR planning guidelines. While the precise details remain uncertain, a number of Commissioners have already raised concerns about the added pressure facing areas which will receive lower shares of the grant pool during a period when the quantum itself could be reducing by more than 25%.



Nigel Stephens CPFA

Assistant Chief Officer – Resources

Date: 22nd September 2015

Audit report of the Auditor General for Wales to the Chief Constable for Gwent

Auditor General for Wales' report to the Chief Constable for Gwent

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

- Chief Constable for Gwent; and
- Gwent Police Pension Fund.

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

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

The Gwent 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 Gwent 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 Gwent and the Gwent 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 Gwent

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the Chief Constable for Gwent 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.

Independent Auditor's Report

Opinion on the accounting statements of the Gwent Police Pension Fund

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

- give a true and fair view of the financial transactions for Gwent 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 Gwent in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.¹



For and on behalf of

Huw Vaughan Thomas
Auditor General for Wales

24 Cathedral Road
Cardiff CF11 9LJ

29th September 2015

¹ The maintenance and integrity of the Police and Crime Commissioner's website is the responsibility of the Police and Crime Commissioner; 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

The purpose of this statement is to set out the responsibilities of the Chief Constable and the Assistant Chief Officer (Resources) in respect of the Statement of Accounts.

The Chief Constable's Responsibility

The Chief Constable is required to:

- (i) make arrangements for the proper administration of his financial affairs and to ensure that one of his officers has the responsibility for the administration of those affairs. This officer is the Assistant Chief Officer – Resources; and
- (ii) manage his affairs to secure economic, efficient and effective use of resources and to safeguard his assets; and
- (iii) approve the Statement of Accounts.



Jeff Farrar QPM
Chief Constable for Gwent

Date: 22nd September 2015

The Assistant Chief Officer (Resources) - Responsibilities

The Assistant Chief Officer – Resources, is responsible for the preparation of the Chief Constable's Statement of Accounts which, in terms of the CIPFA Code of Practice on Local Authority Accounting in Great Britain ("The Code of Practice"), is required to present a true and fair financial position of the Chief Constable at the accounting date and his income and expenditure for the year ended 31st March 2015.

In preparing the statement of accounts, the Assistant Chief Officer – Resources, has:

- (i) selected suitable accounting policies and then applied them consistently;
- (ii) made judgements and estimates that were reasonable and prudent; and
- (iii) complied with the Code of Practice.

The Assistant Chief Officer – Resources, has also:

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

I certify that the Statement of Accounts present a true and fair financial position of the Chief Constable at 31st March 2015 and his income and expenditure for the period then ended.



Nigel Stephens CPFA
Assistant Chief Officer - Resources

Date: 22nd September 2015

Chief Constable's Annual Governance Statement

INTRODUCTION AND SCOPE OF RESPONSIBILITIES

The Chief Constable of Gwent is responsible for ensuring that the business of the force is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

In discharging this responsibility, the Chief Constable is responsible for assuring proper arrangements for the governance of affairs and facilitating the exercise of functions, which includes ensuring a sound system of internal control is maintained throughout the year and that arrangements are in place for the management of risk. The financial management arrangements conform principally with the governance requirements of the CIPFA *Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and Chief Financial Officer of the Chief Constable* and the Home Office *Financial Management Code of Practice for the Police Service of England and Wales 2013*.

The Chief Constable has approved and adopted a Code of Corporate Governance (The Code). The Code gives clarity to the way the Chief Constable governs and sets out the frameworks that are in place to support the overall arrangements for fulfilling the Chief Constables functions. The Code forms part of the Chief Constables Manual of Corporate Governance (MOCG). The MOCG also comprises a Scheme of Consent and Delegation, financial regulations and standing orders relating to contracts.

This Annual Governance Statement (AGS) explains how the Chief Constable has complied with The Code. It also meets the requirements the Accounts and Audit (Wales) Regulations 2010 in relation to the publication of an AGS which must accompany the Statement of Accounts.

PURPOSE OF THE ANNUAL GOVERNANCE STATEMENT

The governance framework comprises the systems, processes, culture and values by which the Chief Constable is directed, controlled and monitored and the activities through which the Chief Constable accounts to and engages with the Police and Crime Commissioner for Gwent. The framework enables the Chief Constable to monitor the achievement of his Delivery Plan in an efficient and effective manner.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going review process designed to identify and prioritise the risks to the achievement of the Chief Constables policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage and mitigate them effectively, efficiently and economically. The findings of the review of the system of internal control are reviewed by the Chief Constable and independently reviewed by the Joint Audit Committee.

The key elements of the system and processes that comprise the Chief Constables governance arrangements are detailed in this AGS. The elements are based on the six core principles of Corporate Governance² from the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) Governance Framework; the standard, against which all local government bodies, including the Chief Constable, should assess themselves. In addition, the Policing Protocol Order 2011 (PPO) requires the Chief Constable to adopt and abide by the seven Nolan Principles for conduct in public life. In addition, the Code of Ethics published by the College of Policing promotes the principles of fairness and respect. The Chief Constable has responsibility for conducting, at least annually, a review of the effectiveness of his governance framework, including the system of internal control. As part of the review process, the AGS is prepared, setting out how the Chief Constable has complied with The Code over the previous financial year and to the date that the statement of accounts are published. The review of the effectiveness of the system of internal governance and its operation is also informed by the work of the internal auditors (for 2014/15 this was Deloitte), the external auditors (the Wales Audit Office (WAO)), other review agencies and inspectors, and senior managers within Office of the Police and Crime Commissioner for Gwent (OPCC) and the Force who have responsibility for the development and maintenance of the internal control environment. The roles of the various bodies are detailed below:

² These six core principles are taken from The Good Governance Standard for Public Services [2004] developed by the Independent Commission on Good Governance in Public Services with support from the Office for Public Management and CIPFA (as adapted for local government purposes). *To assist in developing the approach to good governance CIPFA/SOLACE issued Delivering Good Governance in Local Government: Framework in 2007. The CIPFA/SOLACE Joint Working Group reviewed the Framework and issued a revised edition in 2012, which incorporates a new Addendum, The Addendum reflects Regulation 4(3) of the Accounts and Audit Regulations which requires all relevant bodies to prepare an AGS rather than a statement on internal control*

Annual Governance Statement

a) Joint Audit Committee

In conjunction with the Chief Constable, the Commissioner has established an independent Joint Audit Committee (JAC) which provides assurance to enhance public trust and confidence in the governance of the Commissioner and the Chief Constable. The JAC plays an important role in the independent oversight of the Chief Constables governance arrangements.

This is consistent with the Financial Management Code of Practice, which states that such a combined body should consider the internal and external audit reports of both the Commissioner and the Chief Constable. The JAC advises the Commissioner and the Chief Constable according to good governance principles and provides:

- i. Independent assurance to the Commissioner and the Chief Constable regarding the adequacy of the risk management framework and the associated control environment;
- ii. Independent scrutiny of the Chief Constable's and the Commissioner's financial performance; and
- iii. Oversight in relation to the financial reporting process adopted from CIPFA Audit Committees Practical Guidance for Local Authorities.

The JAC provides comments, advice and assurance on matters relating to the internal control environment. It has oversight of general governance matters and will provide comments on any new or proposed policies and strategies provided by the OPCC or the Force, or changes to existing relevant policies and strategies which in the opinion of the Chief Finance Officers are significant with regards to financial risk and probity.

The JAC is composed of five people who are independent of the OPCC and Force. They report directly to the Commissioner and the Chief Constable. Four formal committee meetings are scheduled each year (additional formal meetings may be required). The agenda, reports and minutes of formal meetings are made available on the Commissioner's website. The JAC met 5 times during 2014/15.

The JAC has formal terms of reference, covering its core functions, and these are also set out in the MoCG. These terms of reference include reference to JAC's role in respect of the corporate governance arrangements and in maintaining an overview of the regulatory framework.

The Commissioner and Chief Constable are both represented at all meetings of the JAC.

The JAC has specific responsibility for providing an independent assurance function in respect of the arrangements for governance including risk management and the internal control environment. The work of the JAC over the period of the AGS contributes to the review process by providing evidence in support of the effectiveness of arrangements. A report of the work of the JAC is produced annually and submitted to the Strategy and Performance Board³ (SPB) and the Police and Crime Panel⁴ (PCP). The report assesses the effectiveness of the JAC against CIPFA guidance, and as a contribution to the effectiveness of overall governance arrangements.

b) Internal Audit

Regulation 6 of the Accounts and Audit (Wales) Regulations 2005 makes provision in respect of the internal audit system that should be maintained in accordance with proper internal audit practices. The responsibility for the maintenance of an efficient internal audit function rests with the Commissioner and Chief Constable. The role and standards of Internal Audit are defined in the Public Sector Internal Audit Standards (PSIAS) and the Application Note on the PSIAS issued by CIPFA for local government bodies. The PSIAS require Internal Audit to provide essential assurance on the adequacy and effectiveness of systems of internal control. They also provide assurance in relation to the management of financial and operational business risks, corporate governance and the entire control framework. The effectiveness of Internal Audit is assessed annually against Public Sector Internal Audit Standards and the Internal Audit Charter, to support a judgement on the effectiveness of the overall arrangements for audit in contributing to internal control. The effectiveness of the internal auditors is assessed by the Assistant Chief Officer – Resources as part of the contract management arrangements.

There is a duty upon both the Commissioner and the Chief Constable to maintain an effective internal audit function. The Commissioner and the Chief Constable wish to minimise duplication and bureaucracy, and to maximise value for money, when designing their internal audit arrangements.

The audit work for the year is founded on a risk based approach and focuses on significant financial and operational risks. The annual Internal Audit plan is agreed by the Chief Finance Officers of both corporations'

³ The SPB is the primary governance meeting at which the Commissioner scrutinises the performance of the Force.

⁴ The PCP is the primary governance meeting at which the PCP Members scrutinise the performance of the Commissioner.

Annual Governance Statement

sole and is presented to the JAC for approval. Reports on the adequacy of controls in the systems audited are presented to the JAC.

Internal Audit provide regular update reports to the JAC on the progressing of their annual Internal Audit plan, including setting out any areas of concern.

Internal Audit will deliver an annual opinion on the effectiveness of the controls reviewed by the Internal Audit team. This annual opinion, set out in the annual report of the Internal Auditor, provides one of the key sources of evidence in support of this AGS.

The review of both the corporate governance and risk management arrangements periodically feature in the annual Internal Audit plan. Corporate governance and risk management issues may arise through other reviews carried out by Internal Audit. In this case the issues will be dealt with initially in the relevant audit report.

The annual Internal Audit plan has regard to risks and recognises that key financial systems and other areas of wider business risk need to be reviewed on a cyclical basis to provide assurance with regard to internal controls and systems for governance. The Internal Audit annual report for 2014/15 concludes that the frameworks for governance, risk and internal control are limited. They were 23 internal audits completed in 2014/15 and whilst 15 (65%) of the audits received substantial or reasonable assurance levels there were 6 (26%) that received limited and 2 (9%) received no assurance. The key financial controls received substantial or reasonable assurance which confirmed that core controls are working effectively in practice.

No assurance has been provided in respect of the following systems:

- Data Protection: Information Asset Ownership; and
- Wales Interpretation and Translation Services.

Limited assurance has been provided in respect of the following systems:

- Procurement – Single Tender Actions;
- Procurement Process;
- Attendance Management;
- Management of Seized Property;
- Sustainable IT (Replacement Planning); and
- Mobile Data Project.

Management focused audit on two areas for which it had become apparent there were some concerns and these areas received no assurance. The JAC considered these findings at its meeting on 10 June 2015 and received assurance from the service area managers that detailed action plans were in place to address the apparent weaknesses in a timely manner. The JAC was satisfied with this approach which would see significant improvements in controls assurance by October 2015.

c) External Audit

In their Annual Audit Letter, the WAO comment on whether the Commissioner had appropriate arrangements in place to secure economy, efficiency and effectiveness in their use of resources.

They audit the financial statements of the Commissioner and Chief Constable (as well as the Group and pension accounts and part of the remuneration report) and provide an opinion on whether the financial statements give a 'true and fair' view of the state of affairs of the Commissioner and the Chief Constable, and have been prepared properly in accordance with relevant legislation, directions or regulations, and applicable accounting standards. They also report by exception if the Annual Governance Statement does not reflect compliance with CIPFA guidance; if proper accounting records have not been kept; and if information specified by Welsh Ministers regarding remuneration and other transactions is not disclosed.

Such external audit plans and reports, including the Annual Audit Letter, are considered by the JAC at appropriate times in its annual cycle of meetings.

Both the Commissioner and the Chief Constable have a duty to respond to reports by the External Auditor.

Annual Governance Statement

d) Annual Governance Statement

It is important to note that this AGS and the work undertaken in its preparation is a tool in the self-evaluation by the Chief Constable of his governance arrangements.

The AGS is submitted for examination by the WAO and JAC, before being approved at SPB. The Chief Constable will formally approve any changes to The Code and framework on an annual basis as part of the governance review. The Code, detailing the framework arrangements is published alongside this AGS on the following link:

<http://www.gwent.pcc.police.uk/transparency/publications/manual-of-governance/>

e) Her Majesty's Inspectorate of Constabulary (HMIC)

The role of HMIC is to promote the economy, efficiency and effectiveness of policing in England, Wales and Northern Ireland through inspection of police organisations and functions; to ensure agreed standards are achieved and maintained, good practice is spread and performance is improved. It also provides advice and support to the tripartite partners (Home Secretary, Commissioners and Chief Constables).

Gwent Police is inspected periodically by HMIC. HMIC is independent of the Commissioner, the Force and the UK and Welsh Governments, with a remit to assess the work of police forces in different areas of business, including neighbourhood policing, serious and organised crime, anti-social behaviour and tackling major threats such as terrorism. The Inspectorate also actively monitors the performance of the Force in relation to their plans for ensuring the sustainability of an efficient and effective police service in light of the significant grant reductions announced in the Comprehensive Spending Reviews. HMIC reports are published on the following website:

<http://www.hmic.gov.uk/publications/>

HMIC reports are sent to the Chief Constable and the Commissioner for consideration and appropriate action. HMIC will play a key role in informing the Commissioner and the public on the efficiency and effectiveness of the Force and, in so doing, will facilitate the accountability of the Commissioners to the public.

Commissioners have a duty in law to comment on any HMIC report which includes information on their force and to publish these along with any comments submitted by the Chief Constable. Commissioners must also send a copy of their published comments to the Home Secretary. Further details on the work carried out in the year by HMIC are set out below.

CORE PRINCIPLES AND THEIR APPLICATION

The table below illustrates how the six core principles of Corporate Governance from CIPFA/SOLACE and the seven Nolan Principles have been applied in the work of the Chief Constable during the 2014/15 financial year, as well as identifying measures that will be undertaken in future:

CORE PRINCIPLES OF CORPORATE GOVERNANCE		
Standard:	What we did:	Plan for 2015/16 :
1. Focusing upon the purpose of the Commissioner and the Chief Constable, and on outcomes for local people, and creating a vision for the local area.	<p>The Commissioner has issued a Police and Crime Plan (The Plan) for one year beyond his term of office, and this outlines the police and crime priorities:</p> <ul style="list-style-type: none"> ▪ Deliver the best quality of service to the public; ▪ Prevent and reduce crime; ▪ Take more effective action to reduce anti-social behaviour; ▪ Protect people from serious harm; and ▪ To make the best use of resources and provide value for money. <p>The Commissioner and the Chief Constable both have regard to The Plan. Upon taking his oath of office, the Commissioner pledged to:</p> <ul style="list-style-type: none"> ▪ Be the voice of the people of Gwent; 	<p>The Commissioner will publish an Annual Report that sets out progress on The Plan and this will be presented for consultation to the PCP. Any subsequent recommendations will be taken into account in the Plan.</p> <p>The Plan is developed to incorporate the work of the force in delivering the outcomes.</p>

CORE PRINCIPLES OF CORPORATE GOVERNANCE	
<ul style="list-style-type: none"> ▪ Work with elected politicians but for the people of Gwent; and ▪ Ensure Gwent Police is a professional organisation that the communities of Gwent respect and take pride in. <p>As the Police and Crime Commissioner for Gwent, his vision is to “To reduce crime, support victims and make Gwent a safer place.”</p> <p>His mission statement confirms that he “will communicate openly with the community, especially victims of crime and Anti-Social Behaviour (ASB) and use the findings to provide a police service which is efficient and effective and which meets the needs of the people of Gwent.”</p> <p>It is recognised that policing plays a key role in the lives of people who live, work and visit our area. The Chief Constable’s complementary mission is to “protect and reassure” the people who live and work in Gwent. He has enabled his employees to do this to the best of their ability by ensuring that they meet The Plan priorities.</p> <p>During the course of 2014/15, the Chief Constable presented reports to SPB covering a range of areas of performance including crime levels, public complaints, finance, victims’ satisfaction and public confidence. These reports enabled the Chief Constable to account for the delivery of the priorities set out in The Plan and Force performance in general. They also helped inform the amendment of those priorities in The Plan to reflect changing local requirements and other emerging trends.</p> <p>The Commissioner and the Chief Constable have considered the views and priorities of the communities and The Plan’s priorities have been revised using an outcome-based approach to ensure they meet local, regional and national needs.</p> <p>In 2014/15, community engagement activities included:</p> <ul style="list-style-type: none"> ▪ Access to police Stations; ▪ Police and crime priorities survey; ▪ Precept survey; ▪ Public surgeries and walkabouts (x in total); ▪ Public meetings (x in total); ▪ Youth Forum activity; ▪ Partnership planning and engagement meetings (x in total); ▪ Local and Community Council seminar; ▪ Local AMs and MP meetings; ▪ Social and other media; and ▪ Project specific consultation e.g. Stop and Search <p>The Chief Constable prepared his annual Force Delivery Plan which supported the delivery of The Plan.</p> <p>A Medium Term Financial Plan (MTFP) was jointly developed and thereafter reviewed quarterly by</p>	<p>Engagement Programme outline activity report for 2015/16 has been provided to the OPCC Executive Board in May 2015, in line with The Plan’s production programme agreed via the Strategic Planning Group.</p> <p>Monitoring will continue locally with quarterly reports to the SPB, and quarterly to the All Wales Policing</p>

CORE PRINCIPLES OF CORPORATE GOVERNANCE		
	<p>the JAC and SPB to support delivery of these plans.</p> <p>Collaboration agreements are in place to govern those areas of business undertaken jointly with other Forces, Commissioners and other partners.</p> <p>The All Wales Policing Group (represented by the four Welsh Commissioners and Chief Constables) had oversight of the work of the Southern Wales Collaboration Board (represented by the three Southern Wales forces). This Collaboration Board, (as well as developing and implementing strategic policing capabilities with North Wales in support of the Strategic Policing Requirement and the Wales Extremist Counter Terrorism Unit), also aims to increase efficiency and effectiveness through collaboration, whilst also ensuring that suitable administrative, management and governance arrangements are in place to support the same.</p>	<p>Group in accordance with the Memorandum of Agreement.</p>
<p>2. Working together to achieve a common purpose with clearly defined functions and roles.</p>	<p>The key functions and roles of the Commissioner and the Chief Constable are set out in the Police Reform and Social Responsibility Act 2011 (PRSRA) and the PPO. The PRSRA and the PPO also set out the function and roles of statutory officers, namely the Monitoring Officer and the Chief Finance Officer.</p> <p>The functions and roles set out in legislation and guidance are codified in the Scheme of Consent and Delegation (which both form part of the MOCG). The MOCG was initially approved in November 2012 and was revised during 2014/15 to take into account the impact of the stage 2 staff transfer scheme and other required amendments.</p> <p>The MOCG has been developed in accordance with The Code to enable effective accountability and to govern the relationship between the Commissioner and the Chief Constable.</p> <p>There is a decision making framework incorporated within the MoCG which ensures that, where possible, all the Commissioner's decisions are published and available for public scrutiny.</p> <p>The Principles of Relationships agreed by the Commissioner and the Chief Constable emphasise that the relationship between the two corporations sole will be built on trust, confidence and transparency.</p> <p>The SPB chaired by the Commissioner, (and attended by his Deputy Commissioner, Chief Executive, Chief Finance Officer and Senior Management Team) holds the Chief Constable to account in securing the maintenance of an efficient and effective police service for Gwent. The terms of reference for SPB are incorporated within the MOCG. SPB met 10 times during the financial year. The Commissioner held the Chief Constable to account on delivering the Commissioner's priorities effectively and efficiently, through scrutiny of quarterly financial and performance reports from the Chief Constable</p>	<p>Undertake the annual review of the MOCG so it remains fit for purpose post-election.</p> <p>Continuing review of the effectiveness of SPB</p>

CORE PRINCIPLES OF CORPORATE GOVERNANCE		
	<p>and subject matter reports on specific areas of interest or concern. The work of SPB, and the role of the Commissioner in holding the Chief Constable to account, was supported and informed by on-going work undertaken by officers of the Commissioner (both with colleagues from the Force and external stakeholders such as the Home Office and the Welsh Government).</p> <p>SPB is supplemented by regular one to one meetings and reflects the commitment from both the Commissioner and the Chief Constable to the principles of openness, transparency and accountability in decision-making.</p> <p>The SPB meetings continue to facilitate a successful and constructive working relationship between the Commissioner and the Chief Constable at a strategic level, leading to the effective delivery of The Plan. The meetings have also provided the Commissioner with a means of continuously monitoring and scrutinising whether the force is efficient and effective. SPB compliments a host of other meetings comprising officers of the OPCC and Force, to ensure a comprehensive monitoring regime.</p> <p>The Chief Constable, in turn, holds his Chief Officers to account for their performance in the formal monthly Chief Officer Team (COT) meetings.</p>	
<p>3. Promoting the values for the Police and Crime Commissioner and Force and demonstrating the values of good governance through upholding high standards of conduct and behaviour.</p>	<p>The Commissioner and Chief Constable strive to treat each other fairly, with dignity and with respect, and this is reflected in their agreed Decision Making and Accountability Framework within the MoCG.</p> <p>Furthermore, the values of being 'Trusted, Fair, Professional, Responsive and Caring' are guiding principles for all staff and officers in discharging their duties to the public.</p> <p>The Commissioner is responsible for handling any complaints and conduct matters in relation to the Chief Constable, monitoring complaints against his staff, and monitoring the way in which Gwent Police complies with the requirements of the Independent Police Complaints Commission. The Chief Constable manages all complaints against the Force, its officers and staff and ensures that the Commissioner is kept informed.</p> <p>Serious complaints and matters to do with conduct are referred to the Independent Police Complaints Commission in line with the requirements of legislation.</p> <p>The Police Staff Council has adopted standards of professional behaviour that reflect relevant principles enshrined in the European Convention on Human Rights and the Council of Europe Code of Police Ethics. During 2014/15, the OPCC and Force have also adopted the College of Policing's Code of Ethics.</p>	<p>Undertake the annual review of the MOCG so it remains fit for purpose post- the next Commissioner election in 2016.</p> <p>Implementing a 'Public Service Bureau' to deal with low level complaints regarding standards of service to the public.</p>

CORE PRINCIPLES OF CORPORATE GOVERNANCE		
	<p>As set out above, the PPO requires both the Commissioner and the Chief Constable to abide by the seven Nolan Principles and the College of Policing Code of Ethics. It also highlights the expectation that the relationship between all parties will be based upon the principles of goodwill, professionalism, openness and trust and this is reflected in the Principles of Relationship document agreed by the Commissioner and the Chief Constable which forms part of the MoCG.</p>	
<p>4. Taking informed and transparent decisions, which are subject to scrutiny and managing risk.</p>	<p>All decision making operates within the specific legislative and regulatory frameworks that confer on the Commissioner duties, powers and responsibility. The regulatory framework is implemented through the Commissioner's decision-making policy and process that adheres to the Good Governance Standards for Public Services.</p> <p>The JAC has conducted 5 meetings during the course of the year. The Committee has undertaken a significant amount of work to review and make recommendations in respect of the arrangements for governance and management of risk, including a number of 'deep dive' sessions in addition to their formal meetings on such things as:</p> <ul style="list-style-type: none"> ▪ Budget Setting Process; ▪ Reserve Strategy; ▪ Annual Accounts; ▪ Commissioning Strategy; and ▪ Collaboration. <p>The work of the Committee is summarised in its annual report, which has been approved by the Committee at its meeting on 10th June 2015.</p> <p>The Commissioner holds the Chief Constable to account for the maintenance of an efficient and effective force. The Commissioner ensures that information relating to decisions is made readily available to local people via his website.</p> <p>Risk is a standing agenda item on all strategic meetings within the Force and all decision making meetings of the Commissioner. The Joint Risk Management Strategy of the Commissioner and the Chief Constable establishes how risk is embedded throughout the various elements of corporate governance of the corporation(s) sole.</p> <p>The Chief Finance Officer for the Commissioner also advises the Commissioner, in consultation with the Chief Executive, on the safeguarding of assets, risk management and insurance. He will ensure that in relation to any strategic business decisions of the Commissioner, consideration is given to the immediate and longer term implications, opportunities and risks⁵</p> <p>The Assistant Chief Officer – Resources advises</p>	

⁵ This is set out in paragraph 4.1 of the 2012 Financial Management Code of Practice for the Police Service of England and Wales.

CORE PRINCIPLES OF CORPORATE GOVERNANCE		
	<p>the Chief Constable on financial governance, the Deputy Chief Constable on Corporate governance and the Assistant Chief Constable on Operational governance.</p> <p>Strategic risks are identified and recorded on a Joint Strategic Risk Register. These are then scored for likelihood and impact and allocated both a strategic and operational risk owner for mitigation and monitoring. Mitigation and monitoring of strategic risk is assured through the Force's Business Tasking and Co-ordination Group (BTCG). Various projects also hold individual risk registers.</p> <p>Part of the approach to risk management involves the purchasing of insurance cover to protect assets and liabilities where it is either required or cost effective to do so. The OPCC and Force are proactive in self-insuring some elements of the overall insurance package. The Commissioner maintains an insurance provision which is reviewed annually to help meet claims.</p> <p>The Internal Audit plan for 2014/15 was approved by the JAC on the 17th April 2014.</p> <p>During 2014/15 Deloitte carried out a total of 23 audits, covering core financial systems, business and operational systems and governance processes. The internal audit annual report for 2014/15 concluded that the Commissioner's frameworks for governance, risk and internal control are reasonable and that audit testing has confirmed that controls of the core systems are generally working effectively in practice.</p> <p>As specified above, Gwent Police is inspected periodically by HMIC. Their reports during 2014/15 supported the monitoring and development of many Force priorities and these included:</p> <ul style="list-style-type: none"> ▪ Peel; ▪ Valuing the police; ▪ National Child Protection Programme ▪ Information Management and ▪ Making Best Use of Police Time <p>Improvement plans have been developed to address areas that require strengthening and these are reviewed by Chief Officers on a monthly basis.</p> <p>HMIC also produced a suite of Value for Money indicators to challenge areas of exceptional spend in comparison with the most similar forces. The results of the benchmarks are incorporated within the Force's change programme (Staying Ahead).</p> <p>The Welsh Government, Home Office and a number of other bodies require financial returns to monitor expenditure on revenue and capital. Strict terms and conditions are in place to govern additional external funding received from these</p>	<p>Update of the Internal Audit Plan for 2015/16.</p>

CORE PRINCIPLES OF CORPORATE GOVERNANCE		
	bodies.	
5. Developing the capacity and capability of all to be effective in their roles.	<p>During 2014/15 the Chief Constable has received National Police Council (previously ACPO) briefings, in addition to a number of investigative and review reports and updated guidance from a range of national bodies and organisations. These include HMIC inspection reports and WAO reviews.</p> <p>The Assistant Chief Officer - Resources continues to receive support from and attends bi-monthly meetings of the National Finance Directors meetings.</p> <p>The Force operates a Personal Development Review (PDR) process for staff. The PDR system provides a robust, evidential process for the active management of staff performance. The system also identifies where individuals may need role specific training to enable them to carry out their duties and/or where general personal development is required. Following the receipt of training or a development activity, the relevant staff member completes a Training Assessment Form to establish the direct benefit of the training/development.</p>	Development of the PDR process, to ensure staff are suitably equipped to support any continuing or new governance arrangements.
6. Engaging with local people and other stakeholders to ensure robust public accountability.	<p>The force engages through the following engagement events:</p> <ul style="list-style-type: none"> ▪ Public meetings; ▪ Youth Forum activity; ▪ Partnership planning and engagement meetings; ▪ Local and Community Council seminar; ▪ Local AMs and MP meetings; ▪ Social and other media; and <p>The Chief Constable has implemented CARES which addresses how officer and staff should deal with the public and liaise with victims of crime.</p> <p>In compliance with the Elected Local Policing Bodies (Specified Information) Orders 2011 & 2012 (2011 Order) and the guidance provided by the Information Commissioner, a range of information has been made publically available through the Force website over the course of the year. This has included agenda and reports for the SPB meetings and the JAC, Freedom of Information disclosure logs, financial information and strategies. The Commissioner's SPB meetings have also been opened to attendance by the press and public (on a quarterly basis) and promoted via social media, resulting in the decision making process becoming more open and transparent.</p>	

NOLAN PRINCIPLES		
Principle:	What we do:	Plan for 2015/16 :
1. Selflessness: Decisions will be taken solely in terms of the public interest, and not for personal financial or other	<p>Compliance with the 2011 (Amended) Order which requires the publication of information in relation to various matters including:</p> <ul style="list-style-type: none"> ▪ The names of the Chief Officer Team; ▪ Correspondence address for each; ▪ Salaries, expenses, register of interests; 	Monitoring any changes to the 2011 and 2012 Orders and continuously seeking to ensure all relevant information is captured and disclosed as required. On-going through 2015/16.

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NOLAN PRINCIPLES		
gain, whether for such person, their family or friends.	<ul style="list-style-type: none"> ▪ The number of complaints about them which are dealt with by the PCP; and ▪ Specific reference to notifiable interests, ▪ Publication of key decisions on website <p>Senior officers' salaries and expenses are disclosed in Statement of Accounts.</p>	
<p>2. Integrity:</p> <p>The Chief Constable and staff will not place themselves under any financial or other obligation to outside individuals or organisations that may seek to influence them in the performance of their official duties.</p>	<p>Compliance with the MoCG.</p> <p>Ensuring that the register of gifts and hospitality is updated as and when offers are received.</p> <p>Ensuring related party's disclosure in the Statement of Accounts.</p> <p>The Chief Officers and all staff of the OPCC have agreed to abide by the College of Policing's Code of Ethics.</p> <p>Disclosure of business interests.</p>	Continuously reinforce the procedures set out in the MoCG to ensure understanding and compliance. On-going to 31 st March, 2016.
<p>3. Objectivity:</p> <p>In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, the Chief Constable and staff will make choices on merit.</p>	<p>Appointments made during the year were made on merit in compliance with section 7 of the Local Government and Housing Act 1989.</p> <p>The MoCG (including the Financial Regulations and the Standing Orders Relating to Contracts) expressly provide for the competitive processes to be applied in relation to contracts. Such processes are transparent and auditable with full use being made of the 'etenderwales' and 'SelltoWales' systems. Contract documentation is also published on the Blue Light Police Database, which is a national system accessible by the public. Contracts are also published in accordance with the requirements of the 2011 Order (as amended).</p>	Further appointments are anticipated and these will be made in compliance with the relevant statutory provisions.
<p>4. Accountability:</p> <p>The Chief Constable and staff will be accountable for their decisions and actions to the public and will submit themselves to whatever scrutiny is appropriate to their office.</p>	<p>The Commissioner provides decision logs on public website in compliance with the 2011 Order and with the requirements of Section 11 of the PRSRA.</p> <p>The Chief Constable is held to account and scrutinised by the Commissioner.</p> <p>Statement of Accounts produced annually and subject to audit by WAO.</p> <ul style="list-style-type: none"> ▪ WAO report by exception on the AGS; and ▪ WAO assess the arrangements for securing economy, efficiency and effectiveness in the use of resources. <p>The Commissioner and Chief Constable jointly commission an Internal Audit service and have agreed the audit plan.</p> <p>A JAC has been appointed by the Commissioner and the Chief Constable which meets quarterly and this operates in line with guidance from CIPFA and the Financial Management Code of Practice.</p>	Maintain good practice.
<p>5. Openness:</p> <p>The Chief Constable</p>	<p>The Chiefs decisions are recorded on an internal register and are subject to the</p>	Maintain good practice.

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NOLAN PRINCIPLES		
<p>and staff will be as open as possible about all decisions and action they take. Reasons will be made available and information only restricted when so required by the wider public interest.</p>	<p>Publication Scheme.</p>	
<p>6. Honesty: The Chief Constable and staff will have a duty to declare any private interests relating to public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.</p>	<p>Register is maintained of the Chief Constable and staff disclosable interests in accordance with Schedule 1 of the 2011 Order.</p> <p>All staff comply with the Business Interest Policy and as such disclose all business interests.</p>	<p>Annual reminders will be sent out in case personal circumstances have changed in respect of the disclosable interests.</p>
<p>7. Leadership: The Chief Constable and staff will promote and support these principles through leadership and by example.</p>	<p>Adoption of Nolan Principles in The Code.</p> <p>Adherence to the College of Policing's Code of Ethics which has been publically adopted including the principles of Fairness and Respect.</p> <p>Monthly meetings of the Chief Officer Team.</p> <p>Regular PDR Reviews.</p> <p>Weekly meetings between the Commissioner and Chief Constable.</p> <p>Regular meetings between the Chief Constable and the Chief Officers.</p>	<p>Annual review of the MOCG.</p>

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SIGNIFICANT GOVERNANCE ISSUES

As stated previously, the compilation of this AGS forms part of the wider review of the governance framework. In undertaking this review, the following significant governance issues have been identified:

- Impact of Welsh Government developed legislation, e.g. Future Generations and Wellbeing Act, LA restructure; and
- Financial cutbacks represent a risk to partnership working and service delivery. This may result in partners making short-term, arbitrary cuts to balance budgets and consequently losing the benefit of longer term preventative solutions.

These areas continue to be monitored through the existing governance and risk management structures within the OPCC and Force as outlined above, and as part of the on-going work of Internal Audit. Action plans to successfully deliver these changes and mitigate these risks are being implemented.

Signed:



Jeff Farrar QPM

Chief Constable for Gwent



Nigel Stephens CPFA

Assistant Chief Officer - Resources

Date: 22nd September 2015

Comprehensive Income and Expenditure Statement (CIES) for the Chief Constable for 2014/15

This statement reflects the resources of the PCC that were consumed by the Chief Constable during 2014/15. In practice all respective costs are paid for by the PCC and the CIES includes an Intra Group Adjustment to reflect this. This results in an overall nil cost for Total Comprehensive Income and Expenditure on Police Services.

2013/14				Notes	2014/15		
Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure		Gross Income	Net Expenditure	
£000	£000	£000	£000		£000	£000	
64,600	0	64,600	Local Policing		59,789	0	59,789
9,615	0	9,615	Dealing with the Public		10,700	0	10,700
10,530	0	10,530	Criminal Justice Arrangements		10,483	0	10,483
5,856	0	5,856	Roads Policing		5,720	0	5,720
10,191	0	10,191	Specialist Operations		10,215	0	10,215
6,932	0	6,932	Intelligence		9,008	0	9,008
29,187	0	29,187	Investigation		23,108	0	23,108
4,875	0	4,875	Investigative Support		4,946	0	4,946
3,213	0	3,213	National Policing		29,486	0	29,486
0	0	0	National Police Services undertaken Locally		0	0	0
0	0	0	Exceptional costs of Legal Settlements		0	0	0
46	0	46	Corporate and Democratic Core		0	0	0
0	0	0	Non-Distributed Costs		0	0	0
0	0	0	Intra Group Transfers		0	0	0
145,044	0	145,044	Cost of Services		163,455	0	163,455
0	0	0	Other Operating Expenditure		0	0	0
48,492	0	48,492	Financing, Investment Income & Expenditure	7	48,408	0	48,408
0	0	0	(Surplus)/Deficit on discontinued operations		0	0	0
0	0	0	Taxation and non-specific grant income		0	0	0
(193,536)	0	(193,536)	Intra Group Transfers	8	(211,863)	0	(211,863)
0	0	0	(Surplus)/Deficit on provision of services		0	0	0
		0	(Surplus)/Deficit on the revaluation of non-current assets				0
		0	(Surplus)/Deficit on the revaluation of Available for Sale financial assets				0
		(75,904)	Actuarial (gains) / losses on pension assets / liabilities	18			(138,499)
		75,904	Intra Group Transfers	8			138,499
		0	Other Comprehensive Income and Expenditure				0
		0	Total Comprehensive Income and Expenditure				0

Balance Sheet of the Chief Constable

The balance sheet of the Chief Constable has a net worth of nil. This is because all reserves are owned by the PCC. Therefore any assets and liabilities within the Chief Constable's balance sheet are offset by an Intra-Group adjustment into the Statement of Accounts of the PCC. The Net Pensions liability is offset by a corresponding debtor, which reflects that pension liabilities are funded by the PCC.

31st March 2014			31st March 2015
£000		Notes	£000
0	Property, Plant & Equipment		0
0	Investment Property		0
0	Intangible Assets		0
0	Assets Held For Sale		0
0	Long Term Investments		0
1,103,984	Long Term Debtors	11	1,285,726
1,103,984	Total Long Term Assets		1,285,726
0	Short Term Investments		0
0	Assets Held For Sale		0
454	Inventories	9	507
0	Short Term Debtors		0
0	Cash & Cash Equivalents		0
9,123	Intra Group Adjustment	8	12,916
9,577	Total Current Assets		13,423
0	Cash & Cash Equivalents		0
0	Short Term Borrowing		0
(9,577)	Short Term Creditors	10	(13,423)
0	Receipts in Advance		0
0	Capital Grants Received in Advance		0
0	Provisions		0
0	Liabilities in Disposal Groups		0
(9,577)	Total Current Liabilities		(13,423)
0	Long Term Creditors		0
0	Provisions		0
0	Long Term Borrowing		0
(1,103,984)	Net Pension Liability	11	(1,285,726)
0	Finance Lease Liability		0
0	Donated Assets Account		0
(1,103,984)	Total Long Term Liabilities		(1,285,726)
0	Net Assets		0
	Financed by:		
0	Useable Reserves		0
0	Unusable Reserves		0
0	Total Reserves		0

Police Pensions Account

The Police Pension Fund Account at the 31 March 2015 is detailed below.

2013/14		2014/15
£000		£000
Contributions Receivable		
(11,995)	Employer Contributions	(11,460)
(1,178)	Injury Pensions including Gratuities Paid	(1,352)
(694)	Early Retirements (Capital Equivalent Charges)	(771)
(104)	Transfers in from other Schemes	(82)
(6,538)	Members Contributions	(6,575)
(20,509)	Net Income	(20,240)
Benefits Payable		
23,813	Pensions Paid	25,394
7,868	Lump Sum Benefits	13,075
75	Lump Sum Death Benefits	148
594	Transfers out to other Schemes	778
32,350	Net Expenditure	39,395
11,841	Net Amount Payable for the Year	19,155
(11,841)	Additional Contribution from the Police & Crime Commissioner	(19,155)
0	(Surplus)/Deficit on Fund	0

The Police Pension Fund Account Net Assets at the 31 March 2015 are:

2013/14		2014/15
£000		£000
Current Assets		
1,768	Prepaid Pension Benefits	1,901
3,900	Funding to meet deficit due from Police & Crime Commissioner/Home Office	10,319
7	Recovery of Pension Benefits	0
Current Liabilities		
0	Provision for Backdated Lump Sums	(3,480)
(4,888)	Overdrawn Pension Cash Position	(8,403)
(787)	Unpaid Pension Benefits	(337)
0	Total	0

The accounting policies followed and assumptions made regarding the Police Pensions Account are in line with those set out on pages 26 to 29.

Funding arrangements for the Police Pension Scheme in England and Wales changed on 1st April 2006. Before 1st April 2006 these schemes did not have a percentage of pensionable pay type of employer's contribution: rather each Police Authority (now Office of the Police and Crime Commissioner) was responsible for paying the pensions of its own former employees on a pay-as-you-go basis. Under the new funding arrangements the schemes remain unfunded but will no longer be on a pay-as-you-go basis. Police and Crime Commissioners will no longer meet the pension outgoings directly instead they will pay an employer's pension

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contribution based on a percentage of pay into the Pension Fund. Each individual Police and Crime Commissioner is required by legislation to operate a Pension Fund and the amounts that must be paid into and paid out of the Pension Fund are specified by regulation.

There are no investment assets of the fund. Under the new arrangements the Pension Fund will be balanced to nil at the year end by either paying over to the Police Fund the amount by which the amounts receivable for the year exceeded the amounts payable, or by receiving cash in the form of additional contribution from the Police Fund equal to the amount by which the amount payable from the Pension Fund for the year exceeded the amount receivable. The PCC Group is reimbursed by the Home Office for the additional contributions it makes to the Pension Fund or, conversely, is required to pay the Home Office amounts it transfers to the Police Fund from the Pension Fund.

The Pension Fund Account generally does not take account of liabilities to pay pensions and other benefits after the period end, however, in 2014/15 a provision of £3.480m was made, with regards to the payment of backdated pension lump sums due to changes in historic commutation factors. The liability is excluded from the pension liability on the PCC Group balance sheet due to the timing difference between the submission of information to the Government Actuary Department (GAD) and the subsequent announcement by the Pensions Ombudsman that historic commutation factors would be reviewed.

Movement In Reserves Statement

The Chief Constable does not hold any reserves and therefore a Movement in Reserves Statement is not produced in this Statement of Accounts.

Cash Flow Statement

The Chief Constable does not hold any cash or operate a separate bank account to that of the PCC. All cash balances, payments and receipts, are accounted for in the Statement of Accounts of the PCC Group.

Notes to the Financial Statements of the Chief Constable

This set of notes represents the consolidated notes for the Statement of Accounts for 2014/15.

1. Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Chief Constable's transactions for the 2014/15 financial year and his position at the year-end of 31st March 2015. The Chief Constable is required to prepare an annual Statement of Accounts by the Police Reform and Social Responsibility Act 2011 and the Accounts and Audit (Wales) Regulations 2014. These regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Authority Accounting in the UK 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.2 Accruals of Income and Expenditure

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

- (i) Revenue from the sale of goods is recognised when the Chief Constable transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Chief Constable.
- (ii) Revenue from the provision of services is recognised when the Chief Constable can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Chief Constable.
- (iii) 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.
- (iv) 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.

1.3 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 overtime on the card and are recognised as an expense for services in the year in which employees render service to the Chief Constable. An accrual is made for the cost of holiday entitlements (or any form of leave, overtime on the card etc) 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 at the end of the accounting period in question. The accrual is charged to the Cost of Services and the liability is recorded in the Police and Crime Commissioner's and Police and Crime Commissioner Group's balance sheet.

Post-employment Benefits

The pension costs included in the accounts have been determined in accordance with relevant Government regulations.

IAS 19 requires that current and future pension liabilities appear in the accounts of organisations (both public and private). It requires that there is full recognition of the pension asset/liability.

Statute dictates that the Chief Constable's Statement of Accounts cannot contain Reserves. The pension liability and Pension Reserve is therefore shown in the Statement of Accounts for the Police and Crime Commissioner and the Police and Crime Commissioner Group.

Notes to the Accounts

The Police Pension Scheme 1987

Prior to 1st April 2006 the pension scheme for Police Officers operated in accordance with the 1987 Regulations and was an unfunded, defined benefit scheme and was not the subject of an assessment by an actuary. It did not have a 'percentage of pensionable pay' type of employer's contribution; rather pensions and benefits due in the year were paid by the former Police Authority and the cost, less pension contributions received from Police Officers, was charged to the Income and Expenditure Account as part of the net expenditure for the year on a "pay as you go" basis.

The Police Pension Scheme 2006

From 1st April 2006 the scheme remains unfunded but is no longer on a 'pay-as-you-go' basis. Under the new scheme the Police and Crime Commissioner pays an employer's pension contribution based on a percentage of pay into the Pension Fund. This, together with employees' contributions, which are also paid into the Fund, is used to meet the cost of pensions and benefits during the year. The amount by which the amounts receivable by the Fund exceed the amounts payable is paid over to the Home Office and conversely a pension top-up grant is made by the Home Office where the amount payable from the Pension Fund exceeds the amount receivable, thereby maintaining a nil balance on the Fund.

The Local Government Pension Scheme

The local Government Scheme is accounted for as a defined benefits scheme:

- (i) The liabilities of the Greater Gwent (Torfaen) Pension Fund attributable to the Chief Constable are included in the Balance Sheet of the Police and Crime Commissioner and the Police and Crime Commissioner Group on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- (ii) Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.
- (iii) The assets of the Greater Gwent (Torfaen) Pension Fund attributable to the Chief Constable are also included in the Balance Sheet at their fair value.

In relation to retirement benefits, statutory provisions require the Police Fund balance to be charged with the amount payable by the Police and Crime Commissioner to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards, in the Movement in Reserves Statement. This means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement 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. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Police and Crime Commissioner also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Scheme

Injury Benefits

The Police and Crime Commissioner also pays injury benefits to those Police Officers who have been medically retired as a result of an injury on duty. Amounts are paid as part of the officers' monthly pension but rather than being an item of expense in the Police Pensions Account these amounts are transferred into the Comprehensive Income and Expenditure Account and are a charge against the Police Fund balance

1.4 Inventories and Long Term Contracts

The Chief Constable maintains stocks of uniforms, protective clothing, body armour, diesel, vehicle parts, printing consumables, custody items, stationery, computer equipment, promotional goods and firearms ammunition. The

Notes to the Accounts

value of these stocks at the end of the year is recorded in the accounts at current cost, with the exception of vehicle parts which are recorded at historical cost.

1.5 Service Expenditure Analysis and Overheads

In line with Service Reporting Code of Practice (SerCOP) the Net Cost of Police Services including support services are fully allocated to CIPFA's mandatory categories of policing activities. The divisions of services and the activities which fall within these headings) are listed below:

The SerCOP divisions of service

Local Policing

- Incident (response) Management
- Community Liaison
- Local Command Team

Dealing with the Public

- Local Call Centres/Front Desk
- Central Communications Unit
- Contact Management Units

Criminal Justice Arrangements

- Custody
- Criminal Justice Arrangements
- Police National Computer (PNC)
- Civil Disclosure/Data Barring Service
- Coroner Assistance
- Fixed Penalty Scheme (Central Ticket Office)
- Property Officer/Stores

Roads Policing

- Traffic Units
- Vehicle Recovery
- Casualty Reduction Partnership
- **Specialist Operations**
- Central Operations Command Team
- Air Operations
- Mounted Police
- Underwater/Search/Marine Support
- Dogs Section
- Level 1 Advanced Public Order
- Airport and Ports Policing Unit
- Firearms Unit
- Civil Contingencies

Intelligence

- Central Intelligence Command Team
- Intelligence/Threat Assessment
- Covert Policing

Investigation

- Crime Support Command Team
- Major Investigation Unit
- Economic Crime
- Specialist Investigation
- Public Protection
- Local Investigation/Prisoner Handling

Investigative Support

- Scenes of Crime Officers
- External Forensic Costs
- Fingerprint/Internal Forensic Costs
- Photographic Image Recovery
- Other Forensic Services

National Policing

- Secondments (out of Force)
- Counter-terrorism/Special Branch
- ACPO Projects/Initiatives
- Hosting National Services
- Other National Policing Requirements

Support service costs identified as Corporate and Democratic Core costs (costs of delivering public accountability and representation in policy-making and meeting the Commissioner's statutory reporting obligations) and Non Distributable Costs (the cost of discretionary benefits awarded to employee's retiring early) are not charged to services but are shown separately in the CIES.

1.6 Leases

The rentals payable under operating leases are charged to the CIES on an accruals basis.

1.7 Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for 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 the

Notes to the Accounts

Chief Constable's 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 period.

1.8 Value Added Tax (VAT)

Income and Expenditure excludes any amounts relating to VAT as all VAT is remitted to/from HM Revenue and Customs. The Core Financial Statements have therefore been prepared exclusive of this tax.

1.9 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. Two types of event can be identified:

- (i) those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events;
- (ii) those that are indicative of conditions that arose after the end of the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

2. Accounting Standards that have been issued but not yet adopted

The following International Accounting Standards that are in force have yet to be adopted by the Code:

IFRS 13 Fair Value Measurement

IFRS seeks to increase the consistency and comparability in fair value measurement and related disclosures through a 'fair value hierarchy'.

IFRIC 21 Levies

IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government.

Annual Improvement to IFRS (2011 -2013 Cycle) namely:-

IFRS 1 Meaning of effective IFRS;

- Aimed at clarifying the meaning of 'each IFRS effective at the date of an entity's first IFRS period' as used in paragraph 7 of IFRS 1 First Time Adoption of IFRS.

IFRS 3 Scope of exceptions to joint Ventures;

- Aimed at clarifying that paragraph 2(a) of IFRS 3 Business Combinations
 - i. Excludes the formation of all types of arrangements defined in IFRS 11 Joint Arrangements from the scope of IFRS 3; and
 - ii. The scope of exemption only applies to the financial statements of the joint venture or the joint operation itself.

IFRS 13 Scope of Paragraph 52;

- This paragraph includes a scope exemption for measuring fair value of a group of financial assets or liabilities on a net asset basis. This is referred to as a portfolio exemption.

IAS 40 Clarifying the relationship of IFRS 3 Business Combinations and IAS 40 Investment Property;

- Aimed at clarifying that judgement is needed to determine whether the acquisition of an investment property is the acquisition of an asset, a group of assets or a business combination in the scope of IFRS 3 and that this judgement is based on guidance in IFRS 3.

3. Critical judgments in applying accounting policies

The Chief Constable did not have to make any critical judgements in applying the accounting policies set out in Note 1.

4. Assumptions made about the future and other sources of estimation uncertainty

The Statement to Accounts contains estimated figures that are based on assumptions made by the Chief Constable 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 Chief Constable's balance sheet as at 31st March 2015 for which there is a significant risk, of material adjustment, in the forthcoming financial years, are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Police pensions liability	Estimation of the liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are expected to increase, changes in retirement ages, mortality rates and expected return on pension fund assets. The Government Actuary's Department (GAD) have been engaged to provide the PCC with expert advice about the assumptions to be applied.	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the rate of increase in salaries would give rise to a £25.0m increase in the Police Pension Scheme Liability.</p> <p>A one year increase in the life expectancy of Police Pensioners would result in the Police Pension Liability increasing by £28.7m.</p> <p>However, the assumptions interact in complex ways. During 2014/15, GAD advised that the net pensions' liability had decreased by £25.96m as a result of estimates being corrected as a result of experience and increased by £144.83m attributable to updating of the assumptions.</p>
Accumulated Absences	Estimation of the liability with respect to untaken annual leave, flexi balances, rest days for recovery and overtime on the card requires the use of sampling techniques to form a reliable estimate of the outstanding liability. Sample size and methodology can all impact on the final estimated liability.	The effect of a 5% increase in untaken accumulated absences results in a £0.075m increase in the estimated liability. Similarly a decrease in untaken accumulated absences results in a £0.075m decrease in the estimated liability.

5. Material items of Income & Expenditure

In September 2014 the NATO Summit was held at the Celtic Manor Resort near Newport. The summit attracted leaders from around the World including President Obama of the United States. The security operation was the largest ever organised in the United Kingdom with most Forces from the United Kingdom offering mutual aid assistance to the Gwent. The costs incurred by the PCC Group have mostly been recovered from the Foreign and Commonwealth Office. The table on the following page provides a breakdown of the costs. Grant income of £22.978m is due from the Foreign and Commonwealth Office to cover most of the cost, with the balance of £0.835m funded by the PCC.

Notes to the Accounts

	2014/15
	£'000
Police Officer Salaries and Overtime	1,443
Police Staff Salaries and Overtime	576
Agency Staff	363
Secondees	109
Other Staff related Costs	8
Premises	3,783
Transport	5,083
Supplies and Services	12,448
Total Expenditure	23,813
Grant Income	0
Net Expenditure	23,813

There were no other material items in the Chief Constable's Statement of Accounts.

6. Events after the Balance Sheet date

The Statement to Accounts were authorised by the Chief Constable on the 30th June 2015. Events taking place after this date are not reflected in the Statement of Accounts or related notes. Where events taking place before this date provide information about conditions that exist at the balance sheet date the figures in the Statement of Accounts and notes have been adjusted in all material respects to reflect the impact of this information.

7. Financing and Investment Income and Expenditure

Financing, investment income, and expenditure, arising from involvement in financial instruments and similar transactions, involving interest.

2013/2014	2014/2015	
£000	£000	
0	Interest payable and similar charges	0
48,492	Pension interest cost and expected return on pension assets	48,408
0	Interest receivable and similar income	0
0	Impairment of financial assets	0
48,492		48,408

8. Intra Group Adjustments

Intra-Group Adjustments are required in the Comprehensive Income and Expenditure Statement as the Chief Constable cannot hold any reserves and therefore any surplus or deficit on the provision of services must be transferred to the PCC.

Notes to the Accounts

Comprehensive Income and Expenditure Statement Intra-Group Transfers

PCC 2013/14 £000	Chief Constable 2013/14 £000	PCC Group 2013/14 £000		PCC 2014/15 £000	Chief Constable 2014/15 £000	PCC Group 2014/15 £000
0	145,044	145,044	Net Cost of Services	0	163,455	163,455
0	48,492	48,492	Financing, Investment Income & Expenditure	0	48,408	48,408
193,536	(193,536)	0	Intra-Group Adjustment	211,863	(211,863)	0
193,536	0	193,536	Total	211,863	0	211,863
0	(75,904)	(75,904)	Actuarial (gains) / losses on pension assets / liabilities	564	138,499	139,063
(75,904)	75,904	0	Intra-Group Adjustment	138,499	(138,499)	0
(75,904)	0	(75,904)	Total	139,063	0	139,063

Similarly, Short Term Creditors and Inventories (stocks) are recognised in the Chief Constable's Balance Sheet. However, because the Chief Constable cannot hold reserves, and therefore must have a Balance Sheet with a nil net worth, an intra-group adjustment is required to ensure that both net assets and reserves both balance to nil. The intragroup adjustment account is shown below.

Balance Sheet Intra-Group Transfers

PCC 2013/14 £000	Chief Constable 2013/14 £000	PCC Group 2013/14 £000		PCC 2014/15 £000	Chief Constable 2014/15 £000	PCC Group 2014/15 £000
0	454	454	Inventories	0	507	507
0	(9,577)	(9,577)	Creditors	0	(13,423)	(13,423)
(9,123)	9,123	0	Intra-Group Adjustment	(12,916)	12,916	0
(9,123)	0	(9,123)	Total	(12,916)	0	(12,916)

9. Inventories

The opening value of inventories for the Chief Constable is listed below:

Group and PCC	Balance at 1 April 2014 £000	Purchases £000	Issues £000	Other Adjustments £000	Balance at 31 March 2015 £000
Consumable Stores	352	1,379	(1,309)	(4)	418
Maintenance Materials	102	133	(146)	0	89
Total	454	1,512	(1,455)	(4)	507

10. Short-Term Creditors

2013/2014 £000		2014/2015 £000
(1,920)	Central Government Bodies	(1,743)
(3,084)	Other Police Bodies / Local Authorities	(6,441)
0	NHS Bodies	(1)
(74)	Public Corporations and Trading Funds	0
(4,499)	Other Entities and Individuals	(5,238)
(9,577)	Total	(13,423)

11. Net Pension Liability

The Net Pensions Liability absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Chief Constable accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed, as the Police and Crime Commissioner makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible.

Any Statutory Reserves relating to Pension Liabilities are also required to be accounted for in the Statement of Accounts for the Police and Crime Commissioner and the Police and Crime Commissioner Group. Therefore a Long Term Debtor has been set up between the Statement of Accounts of the Chief Constable and the Statement of Accounts of the Police and Crime Commissioner (where the corresponding Long Term Creditor Entry is accounted for) so as to recognise that the Police and Crime Commissioner ultimately funds any pension liabilities.

2013/14 £000		2014/15 £000
(1,127,088)	Balance as at 1 April	(1,103,984)
75,904	Actuarial gains or losses on assets and liabilities	(139,063)
(81,370)	Reversal of items debited or credited to the (Surplus)/Deficit on the provision of services in the CIES	(76,394)
16,729	Employer's contributions and direct payments to pensioners in the year	13,183
11,841	(Surplus)/Deficit on Police Pension Fund	19,155
0	Less LGPS movements in above figures relating to the PCC	1,377
(1,103,984)	Balance as at 31 March	(1,285,726)

12. Members Allowances

The PCC Group paid the following amounts to Joint Audit Committee Members during the year ended 31 March 2015.

2013/14	2014/15
£000	£000
0	0
3	4
0	0
3	4

13. Police Officer and Police Staff Remuneration

Police and Police Staff Numbers

Actual full-time equivalent Police Officers and Police Staff numbers are categorised as follows:

Police Officer and Staff (numbers)	2013/14	2014/15
Police Officers		
Above the rank of Constable	313	285
Constable	1,042	965
	1,355	1,250
Police Staff		
Full Time	678	672
Part Time	242	211
	920	883

Remuneration Received

During the year, the number of Officers and Staff, employed by the Police and Crime Commissioner, but who are under the direction and control of the Chief Constable, who received remuneration in excess of £60,000 is provided in the following table. The table shows multiples in bands of £5,000. The remuneration definition includes annual salaries and allowances but excludes employer's pension contributions. The figures include those officers whose posts are detailed in the Remuneration Disclosure.

Remuneration Band £	2013/14	2014/15
£60,000 - £64,999	4	5
£65,000 - £69,999	5	7
£70,000 - £74,999	5	2
£75,000 - £79,999	1	2
£80,000 - £84,999	3	2
£85,000 - £89,999	1	4
£90,000 - £94,999	2	0
£95,000 - £99,999	0	1
£100,000 - £104,999	2	1
£105,000 - £109,999	0	0
£110,000 - £114,999	0	2
£115,000 - £119,999	0	0
£120,000 - £124,999	0	0
£125,000 - £129,999	0	0
£130,000 - £134,999	0	0
£135,000 - £139,999	1	0
£140,000 - £144,999	0	0
£145,000 - £149,999	0	1

Remuneration Relationship

Reporting bodies are required to disclose the relationship between the highest paid Executive in the organisation and the median remuneration of the organisations workforce during the year to which the accounts relate. Remuneration is based on salaries payable, including allowances at the 31st March 2015. For part time employee's salaries have been annualised.

The remuneration of the highest paid Police Executive being the Chief Constable in the financial year 2014-15 was £145,941 (2013-14, £144,669). This was 4.37 times (2013-14, 4.49 times) the median remuneration of the workforce which was £33,360 (2013-14, £32,235).

Remuneration Disclosure

The following table on page 40 sets out the remuneration disclosure for relevant Police Officers (above the rank of Superintendent) and senior employees whose salary is equal to or more than £60,000 per year. The regulation requires individuals whose salary exceeds £150,000 per year, to be identified by name.

Expense allowances include "essential user" car lump sum allowance and benefit in kind includes the money value of benefits received otherwise than in cash e.g. private use of a Force asset. Other payments include those allowances only relevant to Police Officers such as rent allowance and compensatory grant. During the year no amounts were paid in respect of compensation for loss of employment. Equivalent disclosure is provided for the comparative year 2013/14 on page 41.

Relevant Senior Police Officers and Senior Police Staff Remuneration

Relevant Senior Police Officers and Police Staff Remuneration for the year ended 31 March 2015.

Post Holder Information (Post Title)	Notes	Salary	Bonus	Expenses	Benefits in Kind	Other Payments	Total Remuneration excluding Pension Contributions	Employers Pension Contributions	Total Remuneration including Pension Contributions
		£	£	£	£	£	£	£	£
Chief Constable		135,202	0	0	6,121	4,046	145,369	32,719	178,088
Deputy Chief Constable	1	105,060	0	0	3,397	3,810	112,267	25,424	137,691
Assistant Chief Constable (1)	2	99,085	0	0	4,615	6,387	110,087	23,979	134,066
Assistant Chief Constable (2)	3	0	0	0	0	0	0	0	0
Assistant Chief Officer Resources		102,154	0	0	0	0	102,154	16,140	118,294

Notes

1. Deputy Chief Constable - C Guildford was appointed and took office on the 22nd April 2014 with an annualised salary of £110,880.
2. Assistant Chief Constable - L Bottomley left office on the 30th June 2015.
3. Assistant Chief Constable - J Williams was appointed and took office on the 7th May 2015 with an annualised salary of £101,805.
4. The employer's pension contributions in respect to ACPO ranked Police Officers were paid at the rate of 24.2%. All other Senior Employers were paid at the rate of 15.8%.

Relevant Senior Police Officers and Senior Police Staff Remuneration

Relevant Senior Police Officers and Police Staff Remuneration for the year ended 31 March 2014.

Post Holder Information (Post Title)	Notes	Salary	Bonus	Expense s	Benefits in Kind	Other Payment s	Total Remunerati on excluding Pension Contributions	Employers Pension Contributio ns	Total Remuneratio n including Pension Contributions
		£	£	£	£	£	£	£	£
Chief Constable (1)	1	91,811	0	0	1,101	0	92,912	5,367	98,279
Chief Constable (2)	2	111,214	0	0	5,186	3,371	119,771	26,914	146,685
Deputy Chief Constable (1)	2	18,297	0	0	1,037	674	20,008	4,428	24,436
Deputy Chief Constable (2)	3	48,551	0	0	2,087	2,047	52,685	11,092	63,777
Deputy Chief Constable (3)	4	0	0	0	0	0	0	0	0
Assistant Chief Constable (1)	5	94,301	0	2,238	0	5,071	101,610	22,821	124,431
Assistant Chief Constable (2)	3	29,706	0	0	1,670	7,551	38,927	7,846	46,773
Assistant Chief Officer Resources		101,143	0	0	0	0	101,143	15,981	117,124

Notes

- Chief Constable (1) left office on the 7th June 2013. Salary includes payment in lieu of notice and holidays.
- Deputy Chief Constable (1) was appointed Chief Constable (2) on the 8th June 2013 with an annualised salary of £133,068.
- Assistant Chief Constable (2) was appointed and took office on the 1st July 2013. From the 11th November 2013 Assistant Chief Constable (2) became the acting Deputy Chief Constable (2). Other Payments includes relocation expenses.
- Deputy Chief Constable (3) was appointed and took office on the 22nd April 2014 with an annualised salary of £110,880.
- Temporary Assistant Chief Constable (1) left office on the 31st March 2014.
- The employer's pension contributions in respect to ACPO ranked Police Officers were paid at the rate of 24.2%. All other Senior Employers were paid at the rate of 15.8%.

14. External Audit Costs

The PCC and the Chief Constable jointly incurred external audit fees with the Wales Audit Office. In 2014/15 the costs are split equally between the PCC Group Statement of Accounts and the Chief Constable's Statement of Accounts.

Chief Constable	PCC Group		Chief Constable	PCC Group
2013/14			2014/15	
£000	£000		£000	£000
43	86	External Audit Services	43	86
43	86	Total	43	86

15. Related Parties

IAS 24 requires the Chief Constable to disclose all material transactions with related parties, that is bodies or individuals that have the potential to influence the Chief Constable or to be controlled and influenced by the Chief Constable. Disclosure of these transactions allows the reader to access 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. This disclosure note has been prepared on the basis of specific declarations obtained between April 2015 and June 2015, in respect of related party transactions.

Central Government and the Welsh Government are able to influence the Chief Constable. They both provide the Statutory framework within which the Chief Constable operates as well as providing substantial resources in the form of Grants which are paid to the Police and Crime Commissioner. Similarly the 5 Unitary Authorities in Gwent are able to influence the Chief Constable and collect the Police Precept on his behalf.

Grants Received from the Home Office, Welsh Government and Precepts collected on behalf of and paid to the Police and Crime Commissioner are detailed in the Statement of Accounts for the Police and Crime Commissioner and the Statement of Accounts for the Police and Crime Commissioner Group. The Chief Constable does not earn or collect any income or other funding other than the funding that is given to him by the PCC.

During 2014/15 the PCC Group had a number of material transactions with other public bodies such as the Unitary Authorities and the Greater Gwent (Torfaen) Pension Fund. There are disclosed below.

2013/14		2014/15
£000		£000
(47,068)	Home Office - Police Revenue Grant	(46,169)
(32,251)	Welsh Assembly Government - Revenue Support Grant and Business Rates	(30,675)
	Unitary Authorities - Council Tax Precepts	
(3,891)	Blaenau Gwent County Borough Council	(3,997)
(11,636)	Caerphilly County Borough Council	(12,009)
(8,739)	Monmouthshire County Council	(8,995)
(10,612)	Newport City Council	(11,186)
(6,119)	Torfaen County Borough Council	(6,488)
(120,316)	Total	(119,519)

Police Staff Pensions

Police staff pensions and benefits are provided from the Greater Gwent (Torfaen) Pension Fund which is administered by Torfaen County Borough Council to whom the following amounts were paid over for 2014/15.

2013/14		2014/15
£000		£000
3,511	Employer's Contributions	3,427
1,445	Employees' Contributions	1,408
4,956	Total	4,835

16. Leases

The Chief Constable has not entered into any lease arrangements as Lessor or Lessee. Leases between the PCC and third parties are shown in the PCC Group Statement of Accounts.

17. Termination Benefits

A schedule of exit packages as at 31 March 2015 is shown in the table below:

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 £
£0 - £20,000	0	7	7	72,249
£20,001 - £40,000	0	1	1	34,285
£40,001 - £60,000	0	1	1	47,629
£60,001 - £80,000	0	0	0	0
£80,001 - £100,000	0	1	1	83,140
£100,001 - £150,000	0	0	0	0
£150,001 - £250,000	0	0	0	0
	0	10	10	237,303

In comparison, a schedule of exit packages as at 31 March 2014 is shown in the following table:

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
				£
£0 - £20,000	0	7	7	32,715
£20,001 - £40,000	1	0	1	24,843
£40,001 - £60,000	0	0	0	0
£60,001 - £80,000	0	0	0	0
£80,001 - £100,000	0	0	0	0
£100,001 - £150,000	0	0	0	0
£150,001 - £250,000	0	0	0	0
	1	7	8	57,558

18. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its Police Officers and Police Staff, the PCC Group makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the PCC Group has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The PCC Group participates in two post-employment schemes:

- (i) The Police Pension Scheme for Police Officers – this is an unfunded scheme, meaning that there are no investment assets built up to meet the pension liabilities and cash has to be generated to meet actual pension payments in the year they eventually fall due.
- (ii) Pensions and benefits for Police Staff are provided under the Local Government Pension Scheme from the Greater Gwent (Torfaen) Pension Fund. This is a funded scheme, meaning that the PCC Group and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

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. 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 CIES and the General Fund Balance via the Movement in Reserves Statement during the year:

Notes to the Accounts

	Police Pension			Local Government		Group
	2013/14	2014/15	2013/14	PCC	CC	
	2014/15	2014/15	2014/15	2014/15	2014/15	
	£000	£000	£000	£000	£000	£000
Comprehensive Income & Expenditure Statement						
<i>Cost of Services:</i>						
Current service cost	28,300	24,090	4,385	114	3,520	3,634
Past service cost	40	80	0	0	0	0
Curtailments and Settlements	0	0	64	0	62	62
Administration Expenses	0	0	89	3	84	87
<i>Financing and Investment Income and Expenditure:</i>						
Net Interest Expense	46,970	47,320	1,522	33	1,088	1,121
Total post-employment benefits charged to the surplus or deficit on the provision of services	75,310	71,490	6,060	150	4,754	4,904
<i>Other post-employment benefits chargeable to the comprehensive income & expenditure statement:</i>						
Remeasurement of the net defined benefit liability comprising:						
Return on plan assets (excluding the amount included in the net interest expense)	0	0	(5,723)	(164)	(5,876)	(6,040)
Actuarial gains and losses arising on changes in demographic assumptions	(36,930)	(53,710)	2,742	0	0	0
Actuarial gains and losses arising on changes in financial assumptions	200	198,540	(9,733)	728	25,505	26,233
Experience gain/loss	(26,460)	(25,960)		0	0	0
Total post-employment benefits charged to the comprehensive income & expenditure statement	12,120	190,360	(6,654)	714	24,383	25,097
Movement in Reserves Statement:						
Reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the code	(75,310)	(71,490)	(337)	(150)	(4,754)	(4,904)
<i>Actual amount charged against the police fund balance for pensions in year:</i>						
Employer's contributions payable to the scheme	11,995	11,460	3,511	85	3,341	3,426
Retirement benefits payable to pensioners	1,869	2,120	54	0	91	91
	13,864	13,580	3,565	85	3,432	3,517

Notes to the Accounts

Pension Assets and Liabilities in relation to post-employment benefits

The amount included in the Balance Sheet arising from the Chief Constable's obligations in respect of defined benefit plans is as follows:

	Police Pension		Local Government			PCC Group
	2013/14	2014/15	2013/14	PCC 2014/15	CC 2014/15	2014/15
	£000	£000	£000	£000	£000	£000
Present value of the defined benefit obligation	1,077,880	1,239,330	107,857	3,918	137,328	141,246
Fair Value of plan assets	0	0	(81,753)	(2,541)	(90,932)	(93,473)
Sub-total	1,077,880	1,239,330	26,104	1,377	46,396	47,773
Other movements in the liability (asset)	0	0	0	0	0	0
Net liability arising from defined benefit obligation	1,077,880	1,239,330	26,104	1,377	46,396	47,773

Reconciliation of the Movement in the Fair Value of Scheme (Plan) Assets:

	Local Government			PCC Group
	2013/14	PCC 2014/15	CC 2014/15	2014/15
	£000	£000	£000	£000
Opening fair value of scheme assets	74,067	2,187	79,566	81,753
Interest income	3,327	103	3,703	3,806
Remeasurement gain/(loss):				
The return on plan assets, excluding the amount included in the net interest expense	0	0	0	0
Experience gains/(losses) on assets	1,339	164	5,876	6,040
Contributions from employer	3,650	100	3,328	3,428
Contributions from employees into scheme	1,445	51	1,353	1,404
Benefits paid	(1,986)	(61)	(2,810)	(2,871)
Admin Expenses	(89)	(3)	(84)	(87)
Closing fair value of scheme assets	81,753	2,541	90,932	93,473

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	Police Pension		Local Government			PCC Group
	2013/14	2014/15	2013/14	PCC	CC	2014/15
	£000	£000	£000	£000	£000	£000
Opening balance as at 1st April	1,090,680	1,077,880	110,475	2,950	104,907	107,857
Current service cost	28,300	24,090	4,385	114	3,520	3,634
Interest cost	46,970	47,320	4,849	136	4,791	4,927
Contributions by scheme participants	6,650	6,660	1,445	51	1,353	1,404
Re-measurement (gains) and losses:						
Actuarial (gains)/losses arising from changes in demographic assumptions	0	0	2,742	0	0	0
Actuarial (gains)/losses arising from changes in financial assumptions	(36,730)	144,830	(9,733)	728	25,505	26,233
Experience gain/loss	(26,460)	(25,960)	(4,384)	0	0	0
Other	0	0	0	0	0	0
Past service costs	40	80	0	0	0	0
Losses/(gains) on curtailment	0	0	64	0	62	62
Benefits paid	(31,570)	(35,570)	(1,986)	(61)	(2,810)	(2,871)
Closing balance as at 31st March	1,077,880	1,239,330	107,857	3,918	137,328	141,246

The liabilities show the underlying commitments that the PCC Group has in the long run to pay retirement benefits. The total liability of £1,287m has a substantial impact on the net worth of the PCC Group as recorded in the Balance Sheet, resulting in a negative overall balance of £1,029m.

However, statutory arrangements for funding the deficit mean that the financial position of the PCC Group remains healthy:

- (i) the deficit on the local government scheme will be made good by increased contributions over the remaining working life of the employees, as assessed by the scheme actuary
- (ii) finance is only required to be raised to cover Police pensions when the pensions are actually paid.

Notes to the Accounts

The significant assumptions used by the actuary in the calculations have been:

	Police Pension		Local Government	
	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000
Long-term expected rate of return on assets in the scheme:				
Equity Investments	-	-	7.00%	6.50%
Government Bonds	-	-	3.40%	2.20%
Other Bonds	-	-	4.30%	2.90%
Property	-	-	6.20%	5.90%
Cash/Liquidity	-	-	0.50%	0.50%
Other	-	-	-	-
Mortality Assumptions:				
<i>Longevity at 65 for current pensioners:</i>				
Men	23.4	23.3	23.0	23.0
Women	25.9	25.7	25.4	25.5
<i>Longevity at 65 for future pensioners:</i>				
Men	25.6	25.4	25.2	25.3
Women	28.0	27.9	27.8	27.9
Rate of CPI inflation	2.50%	2.20%	2.40%	2.10%
Rate of increase in salaries	4.50%	4.20%	3.90%	3.60%
Rate of increase in pensions	2.50%	2.20%	2.40%	2.10%
Rate for discounting scheme liabilities	4.40%	3.30%	4.60%	3.40%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those in the previous period.

	Police Pension Scheme	
	Increase in Assumption £000	Decrease in Assumption £000
Longevity (increase or decrease in 1 year)	28,700	(28,700)
Early Retirement (increase or decrease by 1 year)	(7)	7
Rate of increase in salaries (increase or decrease by 1%)	49,800	(49,800)
Rate of increase in pensions (increase or decrease by 1%)	228,400	(228,400)
Rate for discounting scheme liabilities (increase or decrease by 1%)	293,600	(293,600)

19. Contingent Assets and Contingent Liabilities

The PCC Group has three contingent liabilities as follows:

(i) Regulation A19 of the Police (Pensions) Regulations 1987 allowed for the compulsory retirement of police officers with over 30 years of service on the grounds of efficiency. There are currently legal claims being made against the PCC Group for the use of this regulation.

(ii) Employment and Support Allowance (ESA). The PCC currently deducts ESA from some pension payments. There is a contingent liability depending on future judgements made by the Pension Ombudsman.

(i) The PCC Group has a contingent liability in relation to overtime payments. Recent court and employment tribunal cases have ruled that employees of private companies are entitled to have overtime payments included in the calculation of holiday pay. As a result companies and public sector bodies may be liable to claims from employees for underpaid holiday pay. Gwent Police have not received any claims from officers or staff and the amount of the contingent liability cannot be reliably estimated.

Notes to the Accounts

20. 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. The total collaborative spend across Wales was approximately £23.589m in 2014/15. The cost of the various collaborative services attributable to the PCC Group is shown in the table below.

Basis of Cost Allocation	Counter Terrorism Intelligence Unit	Dedicated Security Post/Ports Policing	Counter Terrorism Specialist Advisors	Special Branch	Regional Organised Crime Unit and Asset Recovery Unit	Regional Task Force	Joint Firearms Unit	Scientific Investigation Unit	TOTAL
	Population %	Population %	Own Cost	Own Cost	Various	Financial Contribution %	Financial Contribution %	Financial Contribution %	
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Police Officer Pay	524	931	52	391	461	431	2,464	251	5,505
Police Staff Pay	169	37	0	99	365	29	99	1,979	2,777
Other Staff related non pay	45	4	1	0	54	18	16	6	144
Premises	58	44	0	0	50	26	58	11	247
Transport	46	7	0	3	21	46	72	22	217
Supplies and Services	49	18	0	41	71	53	183	161	576
Agency	0	(1)	0	0	0	0	0	0	(1)
Financing and Reserve Transfers	0	0	0	0	68	71	0	0	139
Gross Expenditure	891	1,040	53	534	1,090	674	2,892	2,430	9,604
Grants	(872)	(1,041)	(53)	0	(735)	(125)	0	0	(2,826)
Income	(19)	0	0	(1)	(9)	(7)	0	(12)	(48)
Total Income	(891)	(1,041)	(53)	(1)	(744)	(132)	0	(12)	(2,874)
Net Expenditure	0	(1)	0	533	346	542	2,892	2,418	6,730

Glossary of Terms

Term	Definition
2014/15	This refers to the period covered by these accounts - 1 April 2014 to 31 March 2015.
2013/14	This refers to the period following that covered for comparative purposes by these accounts – 1 April 2013 to 31 March 2014.
Accounting policies	These are a set of rules and codes of practice the Group uses when preparing the accounts.
Accruals	The accounting treatment, where income and expenditure is recorded when it is earned or incurred not when the money is paid.
Actuarial gains and losses	For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because: <ul style="list-style-type: none"> • Events have not coincided with the actuarial assumptions made in the last valuation ;or • The actuarial assumptions have changed.
Amortisation	Intangible assets should be amortised on a systematic basis over their economic lives.
Balance Sheet	This shows the value of the assets and liabilities recognised by the Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group.
Capital Adjustment Account	An account which accumulates (on the debit side) the write-down of the historic cost of fixed assets as they are consumed by depreciation and impairments, or written off on disposal, and (on the credit side) the resources that have been set aside to finance capital expenditure.
Capital expenditure	Expenditure on the acquisition or construction of assets, which have a long-term value to the Group, e.g. land and buildings.
Capital receipts	Income from the sale of fixed assets, which can only be used to finance new capital expenditure or repay outstanding debt on assets financed from loans. Usable capital receipts are those capital receipts which are not set aside for specific purposes but are available to be used for any capital purchases.
Carrying value	The carrying value of an asset is the value of the asset included in the Balance Sheet.
CIPFA	The Chartered Institute of Public Finance and Accountancy, one of the professional accountancy bodies in the UK. CIPFA specialises in the public services and has responsibility for setting accounting standards for these services.
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.
Consumer Price Index (CPI)	Official measure of the general level of inflation as reflected in the retail price of goods and services – excludes mortgage interest payments, council tax and other housing costs.
Contingent liabilities	These exist where: <ul style="list-style-type: none"> • a possible obligation arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Group's control; or • a present obligation arises from past events but is not recognised because: <ol style="list-style-type: none"> i. it is not probable that a transfer of economic benefits will be required to settle the obligation, or ii. the amount of the obligation cannot be measured with sufficient reliability.
Corporate and democratic core costs	These represent the costs of delivering public accountability and representation in policy-making and meeting the Commissioner's statutory reporting obligations.

Glossary of Terms

Term	Definition
Creditors	Individuals or organisations to which the PCC Group owes money at the end of the financial year
Current assets	Current assets are items that can be readily converted into cash. By convention the items are ordered by reference to the ease that such conversion into cash can be carried out.
Current liabilities	Current liabilities are items that are due immediately or in the short – term.
Current service cost (pensions)	The increase in the present value of a defined benefit scheme’s liability expected to arise from employee service in the current period.
Curtailment	Changes in liabilities relating respectively to actions that relieve the employer of primary responsibility for a pension obligation (e.g. a group of employees being transferred to another scheme) or events that reduce the expected years of future service of employees or reduce the accrual of defined benefits over their future service for some employees (e.g. closing a business unit).
Debtors	Individuals or organisations that owe the PCC Group money at the end of the financial year.
Defined benefit scheme	A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The schemes may be funded or unfunded.
Defined contribution scheme	A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.
Depreciation	The measure of the cost or re-valued 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.
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 of the asset.
Finance lease	A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.
Financial Instrument	Any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A derivative financial instrument is a financial contract that derives its value from changes in underlying assets or indices.
Fixed assets	These are items such as land, buildings, vehicles and major items of equipment, which give benefit to the PCC Group over more than one year.
FRS	Financial Reporting Standards, as agreed by the UK accountancy profession and the Accounting Standards Board. These include Statements of Standard Accounting Practice (SSAPs).
Group	The term refers to the merger of Office of the Police and Crime Commissioner and the Chief Constable.
Impairment	A reduction in the value of a fixed asset, below its carrying amount in the balance sheet.

Glossary of Terms

Term	Definition
Interest Cost (Pensions)	For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.
Minimum Revenue Provision	The prudent amount that the PCC Group is statutorily required to set aside from revenue funds to meet the repayment of borrowing undertaken to support capital investment.
Net book value	The amount at which fixed assets are included in the balance sheet i.e. their historical cost or current value less the cumulative amounts provided for depreciation.
Operating lease	An operating lease involves the lessee paying a rental for the hire of an asset for a period of time that is substantially less than its useful economic life. The lessor retains most of the risk and rewards of ownership.
Past service cost	For a defined benefit scheme, 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.
PCC	The abbreviation for the Police and Crime Commissioner. The PCC is a separate corporation sole which was established on the 22 nd November under the Police and Social Responsibility Act 2011. Also referred to as the Office of the Police and Crime Commissioner.
Provisions	The PCC Group may set aside amounts as provisions to meet liabilities or losses that are likely to arise in the future.
PWL B	This is the Public Works Loan Board, which is an organisation financed by the Government. It lends money to police authorities on set terms so that they can buy capital items.
Reserves	Balances that represent resources set aside for purposes such as general contingencies and cash flow management. Earmarked reserves are those set aside for specific policy purposes. The Movement in Reserve Statement shows the movement in the year on the reserves held by the PCC Group.
Revaluation Reserve	An amount representing the accumulated gains on the fixed assets held by the PCC Group arising from increases in value, as a result of inflation and other factors, to the extent that these gains have not been consumed by subsequent downward movements in value.
Retail Price Index (RPI)	Official measure of the general level of inflation as reflected in the retail price of a basket of goods and services, including mortgage costs, council tax and other household costs.
Revenue Budget	The estimate of annual income and expenditure requirements, which sets out the financial implications of the PCC Group policies and the basis of the annual precept to be levied on collection funds.
Revenue Support Grant (RSG)	A general government grant in support of local authority expenditure (including police authorities) and fixed each year in relation to authorities' spending levels.
Senior Employee	An employee whose salary is more than £150,000 per year, or one whose salary is at least £60,000 per year (calculated pro rata for a part-time employee) and who is the designated head of paid service and a statutory chief officer. Typically the Commissioner's Chief Executive and statutory Chief Officers.
SerCOP	CIPFA Service Reporting Code of Practice which shows the Net Cost of Police Services including support services by mandatory categories of policing activities