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# **The Chief Constable for Wiltshire**

## **Statement of Accounts**



2012/2013

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## **Explanatory Foreword**

The Chief Constable for Wiltshire Police is required to publish an Annual Statement of Accounts. The Statement is presented in a format which complies with International Financial Reporting Standards (IFRS), the Code of Practice on Local Authority Accounting 2012/13, the Service Reporting Code of Practice 2012/13 and the Accounts and Audit Regulations 2011.

The accounts, which follow, show the Chief Constable's (CC) financial results for 2012/13. Comparative figures for 2011/12 are also shown. The Chief Constable for Wiltshire is part of the Police and Crime Commissioner for Wiltshire's Group; to get a full understanding of Wiltshire Police as a whole these accounts should be viewed alongside the Group Statement of Accounts (published separately).

The Statement of Accounts also reflect the local arrangements in place for Wiltshire Police and the guidance and regulations provided through the Police Reform and Social Responsibility Act 2011, the Financial Management Code of Practice for the Police Service 2012, Financial Regulations for the Police and Crime Commissioner for Wiltshire's Group and the scheme of delegation between Police and Crime Commissioner and the Chief Constable.

### **The New Office for the Police and Crime Commissioner for Wiltshire and the Chief Constable for Wiltshire Police.**

Following the Police Reform and Social Responsibility Act 2011, the Wiltshire Police Authority was replaced on 22<sup>nd</sup> November 2012 with the Office of the Police and Crime Commissioner for Wiltshire (OPCC) and the Chief Constable for Wiltshire (CC) as two separate legal entities (corporations sole).

The first elections for the Police and Crime Commissioner took place in November 2012 and following these elections all staff, property, rights and liabilities transferred to the ownership of the Police and Crime Commissioner and the Wiltshire Police Authority was abolished. A second stage transfer will take place by April 2014 to transfer relevant staff and assets to the Chief Constable.

These phased transfers are of a legal consideration and for accounting purposes the concept 'substance over form' requires that transactions and events must be recorded in the financial statements rather than just their legal form in order to present a true and fair view of the affairs of the entity. These accounts are produced in line with this concept and present the entity's financial position as set out in its financial regulations, scheme of delegations and other local arrangements.

The accounts are prepared, in line with the Code of Practice, as if the new entities have always existed and the financial statements reflect performance from the 1<sup>st</sup> April 2012.

The Chief Constable has full operational control of Officers and staff with the exception of the OPCC staff and the related costs are disclosed in the Chief's Comprehensive Income and Expenditure Statement (CIES). The Police and Crime Commissioner has strategic control of all assets and liabilities and is responsible for establishing reserves and controlling all Cashflow. Due to this there are no balances or transactions recognised in the Chief Constable's Movement in Reserves Statement or Cashflow Statement.

Although the Police and Crime Commissioner is responsible for all assets and liabilities, in order to comply with accounting and audit requirements, the pension liabilities are required to be disclosed in the Chief Constable's Balance Sheet. This is balanced with a long term pension debtor of equivalent value to the pension liability to recognise the fact that the Police and Crime Commissioner has ultimate responsibility for these long term liabilities. The Chief Constable's net assets/liabilities will always balance to zero.

In the CIES, the financial resources consumed at the request of the Chief Constable are offset by an intra-group adjustment to reflect the Commissioner's funding of these resources.

The main features of the accounts are:

- **The Annual Governance Statement** – gives an assessment of internal control procedures.
- **The Statement of Accounting Policies** – explains the basis of the figures in the accounts.
- **The Comprehensive Income and Expenditure Statement** – summarises the income and expenditure on all services and brings together all the recognised gains and losses of the Chief Constable in the year.
- **The Movement in Reserves Statement** – shows the movement in the year on the different reserves held by the Chief Constable; the Chief Constable does not manage any of these reserves and accordingly there is no movement shown in this statement.
- **The Balance Sheet** – sets out the financial position of the Chief Constable at 31 March 2013.
- **The Cash Flow Statement** – consolidates the total movement of the Chief Constable's funds. All Bank accounts, investments and other funds are held and managed by the Police and Crime Commissioner for Wiltshire; the Chief Constable's Cash Flow Statement has no movement.
- **The Police Pensions Fund Account** – summarises Pensions movements for the year. The Chief Constable is responsible for administering and maintaining the Pension Funds.

## Financial Position

All income is receipted into Bank accounts maintained by the Police and Crime Commissioner for Wiltshire. The transactions in the accounts of the Chief Constable are financed with an intra Group adjustment between the Chief's Comprehensive Income and Expenditure Statement (CIES) and the CIES of the Police and Crime Commissioner for Wiltshire.

The total amount of the Chief Constable's net cost of policing funded by an intra Group adjustment for 2012/13 was £112.093 million.

## Pensions

Liabilities exist for Police Officers who have or are currently contributing funds towards a future pension. The Police Officers Pension scheme is an unfunded scheme. The scheme rules of funding result in Police Forces paying 24.2% of Police pay as a pension contribution. Any variation, over or under, e.g. variation from pensions actually paid, is financed by an increased or reduced specific pensions grant. Support Staff pensions are financed through a funded scheme.

## Future Finances

Medium-term strategic plans were reported to the Corporate Management Board on 20 December 2012. These identified a shortfall of £8.907m between 2013/14 and 2014/15. These shortfalls are due to the Government cuts being applied to all Police Forces and will change when the actual funding for 2014/15 is announced in 2013.

## Statement of Responsibilities for the Statement of Accounts

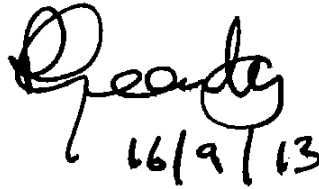
The Chief Constable is required:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers (Chief Finance Officer) has the responsibility for the administration of those affairs.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

I confirm that these accounts have my approval.



P Gearty, Chief Constable for Wiltshire Police  
Date: 26 June 2013



### The Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the Chief Constable's Statement of Accounts in accordance with proper practice as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom ( " the Code of Practice " ).

In preparing the statement of accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code.

The Chief Finance Officer has also:

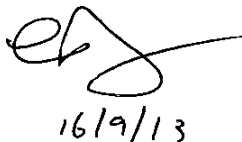
- Ensured that proper accounting records were kept up-to-date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that I believe the Statement of Accounts presents fairly the financial position of the authority as at 31 March 2013 and its income and expenditure for the year ended 31 March 2013. Events that have occurred after the balance sheet date have been considered to the date of approval.



C. Barker  
Chief Finance Officer

Date: 26 June 2013



For further information concerning any items contained in this Statement, please write to Chief Finance Officer, Police HQ, London Rd, Devizes, Wiltshire, SN10 2DN, or telephone (01380) 734023.

## **Annual Governance Statement – Chief Constable**

The position as at 31 March 2013.

### **1. SCOPE OF RESPONSIBILITIES**

From 22 November 2012 the Police and Crime Commissioner (PCC) for Wiltshire became responsible for ensuring that a police service was delivered in the County in accordance with the law and proper standards. This also included the responsibility for ensuring that public money was safeguarded and properly accounted for and used economically, efficiently and effectively. At this date the PCC and Chief Constable (CC) became separate corporate soles. This has led to the requirement for both parties to produce an Annual Governance Statement. The CC's statement illustrates the governance in place to ensure his responsibilities are fulfilled to the PCC. The PCC's statement reports on how he fulfils his duties to the public of Wiltshire.

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

The PCC has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework: *Delivering Good Governance in Local Government*. This statement explains how the PCC has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2011 as amended.

### **2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

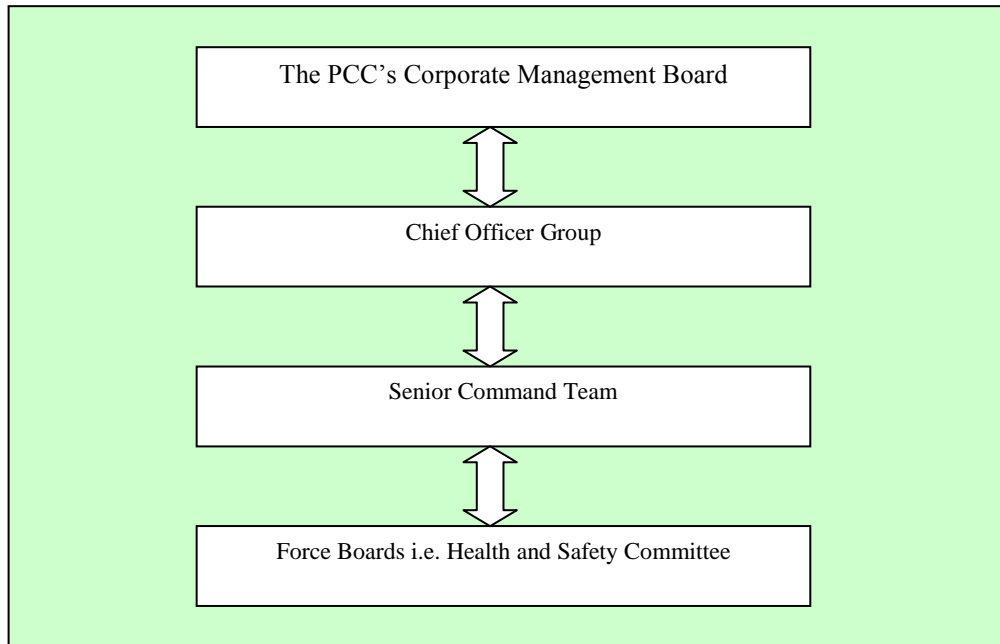
The governance framework comprises the systems, processes, culture and values by which the PCC and the Chief Constable operate. It enables the PCC to monitor the achievement of his strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

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 ongoing process designed to identify and prioritise the risks to the achievement of the PCC's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically. The new governance framework has been in place from November 2012.

### **3. THE GOVERNANCE FRAMEWORK**

Although the Chief Constable is responsible for operational policing matters, the PCC is required to hold him to account for the exercise of those functions and those of the persons under his direction and control. It therefore follows that the PCC must satisfy itself that the Chief Constable has appropriate management mechanisms in place, and that these operate in practice.

The overarching structure of governance is shown in the illustration below.



The principal areas that comprise the governance framework are:

- The PCC's Corporate Management Board
- The Independent Audit Committee
- Compliance with Financial and Standing Orders
- Performance Reporting
- Risk Management
- Professional Standards

The **PCC's Corporate Management Board** is key in ensuring strong governance. The board receives reports on performance, risk, and finance. This ensures the PCC is aware of current risks and issues and can, when appropriate, request the Chief Constable to review areas and produce reports. These requests do not stray into areas where the Chief Constable is operationally independent.

The **Independent Audit Committee's** statement of purpose is to provide independent assurance on the adequacy of the corporate governance and risk management arrangements in place and the associated control environment, advising according to good governance principles and proper practices. This committee has 5 independent members and is attended by External Audit, Internal Audit and both Chief Financial Officers.

The Internal Budget Book identifies the authority to spend and the responsibilities of a Budget Holder. As well as setting up the framework of Budgetary Control, the Budget Book also advises staff on procurement, identifying the process to be followed for different types of goods and services within **Financial Regulations and standing orders**. This sets the framework for lawful expenditure, delegation and achieving value for money financial thresholds.

In Force performance is communicated via screensavers, large performance charts and Chief Constable Blogs. **Monthly review occurs at the Senior Command Team meeting and the PCC's Corporate Management Board.**

**Risk Management** continues to have a high profile. Each department and major project is expected to have an up to date Risk Register. Significant Risks are managed upwards towards the Corporate Risk Register which is reviewed monthly by the Senior Command Team and the PCC's Corporate Monitoring Board.

A Risk Management Strategy and Policy is in place. This identifies a need to take risks in obtaining our goals but also a requirement to manage them well. The published Practitioner's Guide helps managers across the force understand the process and what is expected from them. The guide recommends a 5 step approach to reduce vulnerability to risk. This is summarised as:

- Identify – the most significant risks that could affect the service

- Assess – agree ownership and response to the risk
- Respond – taking action (if assessment deems that appropriate)
- Monitor and Review – observe and update risk score post action
- Report – using risk registers and reporting structures (determined by WPA)

As part of the Governance framework, a section on risk is included in each paper presented to the Corporate Monitoring Board.

The **Professional Standards** Department is an essential part of the Governance Framework facilitating whistle blowing via anonymous reporting and investigating complaints. The Professional Standards intranet site holds the code of conduct for staff and policy on complaints.

#### 4. REVIEW OF EFFECTIVENESS

The CC conducts annually a review of the effectiveness of the governance framework. Assurance that the control environment is working is obtained in the following manner:

**Performance Reporting;** The Balanced Scorecard gives the CC a clear view of performance against the 3 strategic priorities (SP) agreed by the Police Authority at the start of the year. The outcome for 2012-13 was reported to Corporate Management Board in April 2013 as follows;

- SP1 Tackling violent crime (with a private space focus) – Good grading
- SP2 Managing those who cause the most harm in our communities – Excellent grading
- SP3 Tackling ASB and associated local crime issues – Fair grading

In delivering the Policing Plan Strategic Priorities the overall assessment is good

The focus on performance in the governance framework has led to a good control environment. Weekly reports are sent to all members of the Senior Command Team to ensure timeliness. On a monthly basis an overarching report is produced and presented at the Senior Command Team meeting and the PCC Corporate Monitoring Board. Financial performance is also reported monthly to the PCC at the Corporate Monitoring Board.

**Internal Audit** – The PCC has contracted with Capita Business Solutions to provide an internal audit service. In 2012-13, 90 days of audit were planned and delivered covering 14 areas. For each audit a report is produced and provided to both Chief Finance Officers. A summary of the evaluation and recommendations suggested is provided to the Independent Audit Committee. The evaluation system is as follows;

- Substantial Assurance – Robust series of controls which should ensure continuous and effective achievement of the control environment.
- Reasonable Assurance – Reasonable number of controls in place - however may not be operated all the time.
- Limited Assurance – The controls in place are not sufficient to ensure the continuous and effective achievement of the control environment
- No Assurance – Fundamental breakdown or absence of core internal controls.

Two areas initially received limited assurance level (Asset Management and Stock). The Asset Management issue is a long term problem where significant improvements have been made during the year. A follow up review of this area has been requested for 2013-14 and it is expected that the outcome will be reasonable assurance. The Stock issue surrounds difficulties involved with implementing a new system from 1 April 2012 alongside reduced staffing levels. We are currently working with the supplier to resolve these issues. The remaining 12 audits all achieved an assurance level of substantial or reasonable suggesting an effective control environment.

**External Audit** – In January 2013 Grant Thornton were appointed as External Auditors to the PCC. Prior to this the Audit Commission was the External Auditor undertaking the Statutory Accounts Audit and the assessment of arrangements to achieve value for money with the use of resources. This statement relies on the findings reported in the Annual Governance Report tabled at the Police Authority's Audit Committee in



September 2012 and the Notice of Certification of Completion of the Audit proved in October 2012 to the Chief Executive of WPA. This identified:

- Statement of Accounts – An unqualified opinion.
- Securing value for money – An unqualified conclusion.
- No requirement to publish a public interest report

Risk continues to be managed in a visible, transparent manner. Risk registers are held by all departments and divisions and are regularly reviewed. All major projects are expected to maintain risk registers and manage them actively.

The views of auditors and the delivery of performance suggest an effective control environment.

**5. SIGNIFICANT GOVERNANCE ISSUES**

The CC has identified the following significant governance issue;

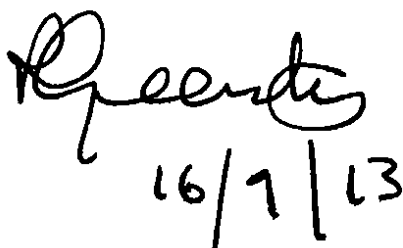
No.	Issue	Progress
1.	<p><b>Employee Relations</b>                      The impact on staff of reduced funding of 20% to 25% is high. Restructures, redundancies and collaboration projects will impact on staff morale and wellbeing. The strategic alliance with Wiltshire Council will create a level of uncertainty in Back office staff whilst shift pattern changes and pay reviews (Winsor and Hutton) will impact frontline officers. The risk is that performance and productivity will reduce during this difficult period.</p>	<p>The PCC and the Chief Constable are aware of the risk. Changes to staff numbers have therefore been managed sensitively, with a high redeployment rate of police staff reducing the need for compulsory redundancy. Careful management of change with the inclusion of staffing associations is seen as critical. With the strategic alliance we are working with Wiltshire Council to understand how we can deliver a good service level at reduced costs. Ensuring staff associations are involved as appropriate.</p> <p>To understand the implications of the Winsor and Hutton reviews a working team has been set up, led by the Head of People Services. This team includes representation from both staff associations.</p>

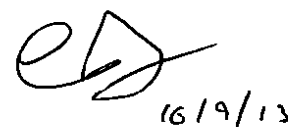
We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as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

Signed

  
 Chief Constable of Wiltshire Police Force

  
 Chief Financial Officer of the CC

  
 16/7/13

  
 16/9/13

## **INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE FOR WILTSHIRE**

### **Opinion on the financial statements**

We have audited the financial statements of the Chief Constable for Wiltshire for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes, and include the Police Pension Fund financial statements comprising the Fund Account and the Net Assets Statement. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the Chief Constable for Wiltshire in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Chief Finance Officer and auditor**

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements 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's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable for Wiltshire at 31 March 2013 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

### **Opinion on other matters**

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which we report by exception**

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Chief Constable to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

## **Other matters on which we are required to conclude**

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in their use of resources. We are also required by the Audit Commission's Code of Audit Practice to report any matters that prevent us being satisfied that the Chief Constable has put in place such arrangements.

We have undertaken our audit in accordance with the Code of Audit Practice and, having regard to the guidance issued by the Audit Commission in November 2012, we have considered the results of the following:

- our review of the annual governance statement;
- the work of other relevant regulatory bodies or inspectorates, to the extent the results of the work have an impact on our responsibilities; and
- our detailed risk assessment.

As a result, we have concluded that there are no matters to report.

## **Certificate**

We certify that we have completed the audit of the financial statements of the Chief Constable for Wiltshire in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Simon Garlick  
Director  
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Suite 4  
Stowey House  
Bridport Road  
Poundbury  
Dorchester  
DT1 3SB

xx September 2013

**Comprehensive Income and Expenditure Statement for the Chief Constable of Wiltshire Police  
2012/13**

<b>Gross Expenditure 2011/12 £'000</b>		<b>Gross Expenditure 2012/13 £'000</b>	<b>Gross Income 2012/13 £'000</b>	<b>Net Expenditure 2012/13 £'000</b>
	See also Note 3			
37,106	Local policing	39,687		39,687
9,325	Dealing with the public	9,073		9,073
11,007	Criminal Justice Arrangements	11,231		11,231
6,719	Road policing	5,876		5,876
6,488	Operational Support	6,213		6,213
3,610	Intelligence	5,796		5,796
29,547	Investigations	25,949		25,949
3,960	Investigative Support	3,885		3,885
4,343	National Policing	5,089		5,089
563	Corporate & Democratic Core			664
614	NDC - Injury Payments	Note 9		289
202	NDC - Pensions Curtailment	Note 8		41
10,500	Pension Past Service Cost	Note 8		-1,700
<b>123,983</b>	<b>Net Cost of Police Services before intra group funding</b>			<b>112,093</b>
-123,983	Intra Group Funding			-112,093
	<b>Net Cost of Police Services</b>			
38,866	Pension interest cost & expected return on assets Note 10			36,892
-38,866	Intra Group Funding (Pension interest cost & expected return on assets) Note 10			-36,892
	<b>(Surplus)/Deficit on the Provision of Services</b>			
20,506	Actuarial loss on pensions	Note 10		104,517
-20,506	Intra Group Funding (actuarial loss on pensions) Note 10			-104,517
	<b>Other Comprehensive Income and Expenditure</b>			
	<b>Total Comprehensive Income and Expenditure</b>			

**Movement in Reserves Statement 2012/13**

	General Fund	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
All reserves are managed by the Police and Crime Commissioner for Wiltshire; the Chief Constable has no transactions or balances to disclose here.						
<b>Balance as at 31 March 2012</b>	0	0	0	0	0	0
<b>Movement in reserves during 2011/12</b>						
Surplus/(Deficit) on provision of services	0	0	0	0	0	0
Other Comprehensive Income and Expenditure	0	0	0	0	0	0
<b>Total Comprehensive Income and Expenditure</b>	0	0	0	0	0	0
Adjustments between accounting basis and funding basis under regulations	0	0	0	0	0	0
<b>Net increase/decrease before transfers to earmarked reserves</b>	0	0	0	0	0	0
Transfers to/from other Earmarked Reserves	0	0	0	0	0	0
<b>Increase/(Decrease) in 2012/13</b>	0	0	0	0	0	0
<b>Balance as at 31 March 2013</b>	0	0	0	0	0	0

**Movement in Reserves Statement 2011/12**

<b>Restated</b>	<b>General Fund</b>	<b>Earmarked Reserves</b>	<b>Capital Receipts Reserve</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Reserves</b>
	£'000	£'000	£'000	£'000	£'000	£'000
All reserves are managed by the Police and Crime Commissioner for Wiltshire; the Chief Constable has no transactions or balances to disclose here.						
<b>Balance as at 31 March 2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in reserves during 2011/12</b>						
Surplus/(Deficit) on provision of services	0	0	0	0	0	0
Other Comprehensive Income and Expenditure	0	0	0	0	0	0
<b>Total Comprehensive Income and Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Adjustments between accounting basis and funding basis under regulations	0	0	0	0	0	0
<b>Net increase/decrease before transfers to earmarked reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Transfers to/from other Earmarked Reserves	0	0	0	0	0	0
<b>Increase/(Decrease) in 2011/12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance as at 31 March 2012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Balance Sheet for the Chief Constable of Wiltshire Police as at 31 March 2013**

31 March 2012 £000		31 March 2013	
		£000	£000
0	Property, Plant & Equipment	0	
0	Investment Property	0	
781,454	Long Term Debtor - Pensions	918,010	
<b>781,454</b>	<b>Total Long Term Assets</b>		<b>918,010</b>
0	Inventories	0	
0	Short Term Debtors	0	
0	Cash & Cash Equivalents	0	
0	Assets Held For Sale (under 1 yr)	0	
<b>0</b>	<b>Total Current Assets</b>		<b>0</b>
0	Short Term Creditors	0	
0	Provisions (under 1 yr)	0	
<b>0</b>	<b>Total Current Liabilities</b>		<b>0</b>
0	Finance Lease Liability	0	
-781,454	Liability Related to Defined Benefit Pensions Scheme.	-918,010	
<b>-781,454</b>	<b>Total Long Term Liabilities</b>		<b>-918,010</b>
<b>0</b>	<b>Total Net Assets</b>		<b>0</b>
<b>0</b>	<b>Usable Reserves</b>		<b>0</b>
<b>0</b>	<b>Unusable Reserves</b>		<b>0</b>
<b>0</b>	<b>Total Reserves</b>		<b>0</b>

Although the Police and Crime Commissioner is responsible for all assets and liabilities, in order to comply with accounting and audit requirements, the pension liabilities are required to be disclosed in the Chief Constable's Balance Sheet. This is balanced with a long term pension debtor of equivalent value to the pension liability to recognise the fact that the Police and Crime Commissioner has ultimate responsibility for these long term liabilities. The Chief Constable's net assets/liabilities will always balance to zero.

## Cash Flow Statement

2011/12 £000		2012/13 £000
	<b><u>Operating Activities</u></b>	
0	Taxation	0
0	Non Domestic Rates	0
0	Revenue Support Grant	0
0	Police Main Grant	0
0	Cash Received for Goods and Services	0
0	Interest Received	0
0	Cash Inflows Generated from Operating Activities	0
0	Cash Paid to and on behalf of Employees	0
0	Cash Paid for Goods and Services	0
0	Interest Paid	0
0	Cash Outflows from Operating Activities	0
<b>0</b>	<b>Net Cash Flows from Operating Activities</b>	<b>0</b>
	<b><u>Investing Activities</u></b>	
0	Purchase of Non-Current Assets	0
0	Proceeds from Sale of Non-Current Assets	0
0	Other Receipts from Investing Activities	0
<b>0</b>	<b>Net Cash Flows from Investing Activities</b>	<b>0</b>
	<b><u>Financing Activities</u></b>	
0	Payments for the Reduction of Outstanding PFI Finance Liability	0
<b>0</b>	<b>Net Cash Flows from Financing Activities</b>	<b>0</b>
0	Net increase or decrease in cash & cash equivalents	0
0	Cash & cash equivalents at the beginning of the reporting period	0
<b>0</b>	<b>Cash &amp; cash equivalents at the end of the reporting period</b>	<b>0</b>

All Bank accounts, assets, liabilities, investments and reserves are managed by the Police and Crime Commissioner for Wiltshire; the Chief Constable for Wiltshire has no cash flows to report.



## Notes to accompany the Statements

### 1 Statement of Accounting Policies

#### 1.1 General Principles

The general principles adopted in compiling the accounts of the Chief Constable for Wiltshire Police are in accordance with the recommendations of The Chartered Institute of Public Finance and Accountancy (CIPFA). They accord with CIPFA's Code of Practice on Local Authority Accounting 2012/13, the Service Reporting Code of Practice 2012/13 and the Accounts and Audit Regulations 2011 and are based on the following hierarchy of standards:

- International Financial Reporting Standards (IFRSs) as adopted by the EU
- International Public Sector Accounting Standards (IPSASs)
- UK Generally Accepted Accounting Practice (GAAP) (Financial Reporting standards (FRSs), Statements of Standard Accounting Practice (SSAPs) and Urgent Issues Task Force (UITF) abstracts) as far as they are applicable. All are maintained on an historic cost basis. Any significant non-compliance is disclosed in the notes that follow.

These Accounting Policies also reflect the local arrangements in place for Wiltshire Police and the guidance and regulations provided through the Police Reform and Social Responsibility Act 2011, the Financial Management Code of Practice for the Police Service 2012, Financial Regulations for the Police and Crime Commissioner for Wiltshire Group and the scheme of delegation between the Police and Crime Commissioner and the Chief Constable.

#### 1.2 Accruals of Income and Expenditure

The Chief Constable's financial accounts are prepared on an accruals basis. Income and expenditure is inclusive of future obligations to pay cash for benefits already received by the CC for Wiltshire and cash to be received in the future for benefits already provided by the CC for Wiltshire.

Where actual amounts due are not known at the end of April, estimated amounts have been included in the accounts.

#### 1.3 Accounting Principles

The accounts for 2012/13 comply with normal accounting principles surrounding relevance, reliability, comparability and understandability. The accounts are also prepared on the basis that the organisation is a going concern.

#### 1.4 Provisions

The CC for Wiltshire has a policy to create a provision relating to a liability or loss that is likely to be incurred but there is uncertainty as to the size and timing of the liability. Its purpose is specific and will be charged to the revenue account where the expenditure would be incurred. Adjustments are made in the accounts for any bad or doubtful debts. There are no provision transactions in the Chief Constable's accounts.

## 1.5 Employee Benefits

### Benefits payable during employment

Authorities are required to account for employee benefits in the period that they are earned by employees.

Wiltshire Police operates a flexi leave system and has a policy that allows employees to carry over a maximum of 5 days annual leave and 11 hours flexi leave. The flexi leave is run as a manual records system and is not cost effective to collect the data; therefore no flexi leave accrual has been posted for 2012/13 due to the immaterial value. For example the flexi leave accrual for 2010/11 was £128k.

Time off in Lieu (TOIL) and annual leave are recorded on an electronic system and the result is that the Group has a £0.922 million accrual for employee leave entitlements carried over at 31 March 2013.

For 2012/13 there is a £0.282 million increase in the net cost of services where the accrual has increased from £0.640 million in 2011/12, this is reversed out in the Movement in Reserves Statement so as to avoid any impact on Council Tax.

### Termination benefits

Redundancy payments allowed by Wiltshire Police are based upon actual weekly salary, calculated in the manner prescribed by legislation. The legislation also dictates that a maximum of 20 years service may be counted. Only completed years of service at the time of the redundancy will count. Within those parameters, the payments are calculated on the following basis:

For each year of service aged 18 to 21 - half a week's pay

For each year of service aged 22 to 40 - one week's pay

For each year of service aged 41 to 65 - one and a half week's pay

### Post employment benefits

#### Pensions (Police Officers)

The Police Officers' Pension Scheme is a defined benefit unfunded scheme. Funding rules are in place which results in Police Forces paying 24.2% of Police pay as a pension contribution. Any variation, e.g. variation from pensions actually paid, over or under, is financed by an increased or reduced specific pensions grant. To this purpose a Pensions Fund Account has been created.

#### Pensions (Support Staff)

The pension scheme available for police staff within Wiltshire Police is administered by Wiltshire Council on behalf of Local Authority employees in Wiltshire. The assets of the fund are held separately from those of the County Council. The accounts of the Pension Fund are detailed in the Wiltshire Council Statement of Accounts.

The pension costs that are charged to the Chief Constable for Wiltshire's accounts in respect of its employees are the service cost identified by the actuarial valuation for the period. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. Employer's pension contributions of 13.6% of pay are paid into the fund by the CC for Wiltshire.

In accordance with CIPFA guidelines the liability under IAS 19 for both Police Officer and Support Staff pensions must be included within the Comprehensive Income and Expenditure Statement (CIES) and the Balance Sheet. The cost of service is shown within the CIES of the Chief Constable and is balanced with an intra Group adjustment to the Police and Crime Commissioner for Wiltshire's accounts.

Changes to the Local Government Pension Scheme allow for members to take larger lump sum payments in return for a reduced annual pension. It is expected that this will reduce the liability of the Authority. However the actuary currently considers it impossible to estimate the number of members who may take this option and its effect on the finances of the Authority. Based on the prudence accounting concept zero take up has been assumed, therefore, no reduction in liability has been included in the balance sheet of the Authority.

## **1.6 Leases**

Where a lease transfers substantially all the risks and rewards of ownership of an asset to the lessee it is classified as a finance lease. Leases that do not meet this definition are operating leases. Operating lease rentals are charged direct to the Comprehensive Income and Expenditure Statement as a cost to the services benefitting from their use.

## **1.7 VAT**

Value-Added Tax is separately accounted for in accordance with the Statement of Standard Accounting Practice (SSAP) 5 and is not included as income or expenditure of the Authority except where it is not recoverable.

## **1.8 Post Balance Sheet Events**

Where a material post balance sheet event occurs the Chief Constable has a policy to identify that in the statement of accounts.

## **2 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty**

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

For 2012/13 the Balance Sheet contains an item for which there is a significant risk of material adjustment in the forthcoming financial year; the Pensions Liability.

Estimation of the net liability to pay pensions is reliant on a number of complex judgements relating to the discount rate used, the rate of increase in salary, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the organisation with expert advice about the assumptions to be applied.

The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £17m; however, the assumptions interact in complex ways. During 2012/13, the actuaries advised that the net pension liability had increased by £137m as a result of changes in the assumptions around salary inflation, price inflation and liability discount rates. In particular the discount rate has been based on the yields available on Government bonds rather than on iBoxx AA-rated bonds as in previous years. The reason for this is that the Government bonds have a longer maturity which is considered more in line with the duration of liabilities in the pension schemes. As a result the discount rate is set at 4.5% p.a. compared with 4.1% that would have resulted from using the iBoxx AA yield.

### 3 Service Expenditure Analysis

The Service Expenditure can be analysed in more than one way. The stated SERCOP format is a statutory requirement and requires the majority of costs to be split over service areas. Another way of showing the accounts is with a subjective analysis which categorises costs by type; this is not a statutory requirement but a more traditional way of stating the accounts. The subjective Analysis is shown below.

#### Subjective Expenditure Analysis

<b>Net Spending 2011/12 £000</b>		<b>Net Spending 2012/13 £000</b>
48,156	Police Pay and allowances	47,637
31,954	Staff Pay and allowances	31,847
-121	Other employee expenses	1,305
19,186	Officer pensions	20,500
	Premises	
349	Transport	311
10,981	Supplies and Services	10,059
1,211	Third Party Payments	1,804
	Capital Finances	
11,316	Non-distributed costs	-1,370
<b>123,032</b>	<b>Total Financial Resources Consumed at request of Chief Constable</b>	<b>112,093</b>
-123,032	Intra Group Adjustment	-112,093
	<b>Net Cost of Services</b>	
38,866	Pension interest cost & expected return on assets	36,892
<b>-38,866</b>	<b>Intra Group Funding (Pension interest cost &amp; expected return on assets)</b>	<b>-36,892</b>
	<b>Total (Surplus)/Deficit on the Provision of Services</b>	

The 2011/12 Audited figures do not include seconded costs or income, for 2012/13 these are included in the relevant headings. The seconded figures net to zero in the Net Cost of Services.

#### 4 Remuneration of Senior Staff

The Chief Constable for Wiltshire is required to disclose the number of employees whose annual remuneration, excluding pension payments, exceeds £50,000. Remuneration for these purposes includes all sums paid to or received by an employee, expense allowances and the money value of any other benefits received other than cash. The number of employees within £5,000 bands is as follows:

Payment Band £	Number of Employees 2011/12	Number of Employees 2012/13
50,000 - 54,999	22	62
55,000 – 59,999	43	49
60,000 – 64,999	11	11
65,000 – 69,999	5	7
70,000 – 74,999	5	2
75,000 – 79,999	2	7
80,000 – 84,999	3	1
85,000 – 89,999	2	1
90,000 – 94,999	1	1
95,000 – 99,999	1	
100,000 – 104,999	2	1
105,000 – 109,999		1
110,000 – 114,999	1	1
115,000 – 119,999		
120,000 – 124,999	1	1
125,000 – 129,999		
145,000 – 149,999		
150,000 – 154,999	1	1
155,000 – 159,999		
<b>Total</b>	<b>100</b>	<b>146</b>

In 2012/13 the Wiltshire Police payroll administration was brought in house and during this process an error to previous year's disclosures has been identified. The figures for 2011/12 were based on remuneration as being basic salary alone. For the 2012/13 disclosure remuneration includes all payments in addition to basic salary. This gives rise to a large increase in disclosures as seen in the table above.

The code of practice requires disclosure of individual remunerations for Senior Officers and Relevant Police Officers, the following tables contain the details for 2012/13 and comparative information from 2011/12. Senior Officers are included in the above banding as well as the following individual disclosures.

Members of ACPO have a vehicle allowance of £5,765 per year and the Chief Constable has £8,647 per year. This can be paid in the form of a lease car or within their salary. Those that have opted for the salary option have this payment included in the salary column of the remunerations.

During 2012/13 the previous Chief Constable, Mr Moore, was working for the UK Border Agency on secondment until he left the Force on 18th September; Deputy Chief Constable Mr Geenty stepped up to Temporary Chief Constable and was made permanent in January 2013. The Assistant Chief Constable in turn acted as Temporary Deputy Chief Constable and was made permanent in March 2013 and a Temporary Assistant Chief Constable was put in place for the year. The figures disclosed report the whole of Mr Moore's salary during 2012/2013.

The Police and Crime Commissioner, Mr Macpherson, was elected to post on 22<sup>nd</sup> November.

**Senior Officer Remunerations 2012/13**

Post Holder Information	Name	Salary (including fees & Allowances)	Bonuses	Expenses	compensation for loss of office	Benefits in Kind	Total Remuneration excluding pension contributions 2012/13	Pension Contributions	Total Remuneration including pension contributions 2012/13
Chief Constable	B. Moore	90,998					<b>90,998</b>		<b>90,998</b>
Chief Constable	P. Geenty	144,022		602		7,211	<b>151,835</b>	26,835	<b>178,670</b>
Deputy Chief Constable	M . Veale	115,444		426		5,765	<b>121,635</b>	26,567	<b>148,202</b>
Temp/Assistant Chief Constable	S. Hedley	98,359		579		7,509	<b>106,447</b>	22,354	<b>128,801</b>
Director of Resources	M. Bennion-Pedley	109,143		846		317	<b>110,306</b>	13,933	<b>124,239</b>
Chief Finance Officer	C. Barker	72,849		108		4,448	<b>77,405</b>	9,907	<b>87,312</b>

**Senior Officer Remunerations 2011/12**

Post Holder Information	Name	Salary (including fees & Allowances)	Bonuses	Expenses	compensation for loss of office	Benefits in Kind	Total Remuneration excluding pension contributions 2011/12	Pension Contributions	Total Remuneration including pension contributions 2011/12
Chief Constable	B. Moore	151,235					151,235		151,235
Deputy Chief Constable	P. Geenty	121,409		616		1,370	123,395	27,047	150,442
Assistant Chief Constable	M. Veale	87,646		292			87,938	19,098	107,036
Assistant Chief Constable – until 13/05/12	J. Vaughan	8,225		252		116	8,593	1,891	10,484
Director of Resources	M. Bennion-Pedley	109,143		766		317	110,226	13,933	124,158

## 5 Termination Benefits

The numbers of exit packages with total cost per band are set out in the table below, they were all compulsory redundancies. There was a further £29,000 paid in 2012/13 relating to prior year redundancies.

Exit package cost band	No. of compulsory redundancies		Total cost of exit packages in each band £'000	
	2011/2012	2012/2013	2011/2012	2012/2013
£0-£20,000	32	23	327	233
£20,001-£40,000	11	3	282	139

## 6 Related Parties

In accordance with the Code of Practice and IAS 24 the Chief Constable for Wiltshire is required to state any material transactions with related parties. For 2012/13, no material transactions were declared by key management personnel.

The Police Constable for Wiltshire Police is part of the Police and Crime Commissioner for Wiltshire's Group and as such the Police and Crime Commissioner has significant influence over the Chief Constable. To get a full understanding of Wiltshire Police as a whole these accounts should be viewed alongside the Group Statement of Accounts (published separately).

Central Government has significant influence over the general operations of the Police and Crime Commissioner for Wiltshire's Group. Grants received from Central Government are disclosed in the PCC for Wiltshire Group Statement of Accounts.

In 2012/13 Wiltshire Police were responsible for the administration of the financial activities of AVCIS, an organisation formed under the guidance of the Association of Chief Police Officers for the purpose of investigating organised vehicle crime.

During the year the balances for AVCIS were transferred to ACRO at Hampshire Police; no transactions for AVCIS are included in the accounts for the Chief Constable for Wiltshire.

## 7 Audit Fees

Audit fees paid in respect of Section 5 of the Audit Commission Act (audit services) were £20k; no other external audit fees were payable.



## 8 Pensions

### Pensions Accounting

The Financial Code of Practice states that 'The Chief Constable is responsible for ensuring the administration of the pension schemes and the appropriate maintenance and provision of the relevant accounts.' The Chief Constable is also responsible for all police officers and 90% of the staff under the new arrangements with the Police and Crime Commissioner for Wiltshire. Any transactions relating specifically to the Office of the Police and Crime Commissioner would be immaterial. On this basis and to comply with accounting and audit requirements the transactions in the Comprehensive Income and Expenditure Statement (CIES) are all shown under the Chief Constable's Statement of Accounts. In line with the current arrangements, these transactions are financed by adjustments between the authorities' accounts.

Although the Police and Crime Commissioner is responsible for all assets and liabilities, in order to comply with accounting and audit requirements, the pension liabilities are required to be disclosed in the Chief Constable's Balance Sheet. This is balanced with a long term pension debtor of equivalent value to the pension liability to recognise the fact that the Police and Crime Commissioner has ultimate responsibility for these long term liabilities.

The information that follows is for the pension accounts of the Group.

### Pension Schemes

Although pension benefits are not actually payable until employees retire, the Chief Constable for Wiltshire has a commitment to disclose the payments at the time that employees earn their future entitlement.

Wiltshire Police participates in two schemes:

The Police Pension Scheme for police officers – this is an unfunded scheme, meaning that there are no investment assets held, and actual pensions payments are met from revenue as they are eventually due. Changes were introduced to the pension in April 2006 which result in slight variations between pre and post April employee's schemes.

The Local Government Pension Scheme (LGPS) for civilian employees – this is administered by Wiltshire County Council and is a funded scheme, where the employer and employees pay contributions into a fund intended to balance the pensions liabilities with investment assets.

## Pensions Transactions

The cost of retirement benefits is recognised in the Net Cost of Services when it is earned by employees, rather than when the benefits are actually paid out as pensions. The cost of retirement benefits earned is reversed out in the Movement in Reserves as the charge against council tax is based only on actual payments due in the year. The following transactions were made in the Income and Expenditure Account and the Movement in Reserves Statement during the year:

	Local Government Pension Scheme £000		Police Pension Scheme £000	
	2011/12	2012/13	2011/12	2012/13
<b>Comprehensive Income &amp; Expenditure</b>				
<i>Net Cost of Services</i>				
Current Service Costs	4,175	4,208	19,800	20,500
Past Service Costs (Non Distributed Costs)			10,500	-1,700
Gains and Losses on any Settlements or Curtailments	202	41		
<i>Net Operating Expenditure</i>				
Interest Cost	4,452	4,403	39,100	36,600
Expected Return on Assets in the Scheme	-4,686	-4,111		
Net Charge to the Income and Expenditure Account	4,143	4,541	69,400	55,400
	Local Government Pension Scheme £000		Police Pension Scheme £000	
	2011/12	2012/13	2011/12	2012/13
Net Charge to the Income and Expenditure Account	4,143	4,541	69,400	55,400
<b>Movement in Reserves Statement</b>				
<i>Adjustments between Accounting &amp; Funding Basis:</i>				
Reversal of net charges made for retirement benefits in accordance with the code	-4,143	-4,541	-69,400	-55,400
Actual amount charged against the General Fund Balance for pensions in the year:				
Employer's contributions payable to scheme	3,241	3,163		
Retirement benefits payable to pensioners			23,912	24,742
Actual Costs	3,241	3,163	23,912	24,742

The actual payments made by the Chief Constable for Wiltshire for employer's contributions 2011/12 are £3.163 million to Wiltshire Council for the Local Government Pension Scheme and £9.975 million to the Police Pension Scheme. The main reason this differs from the £24.742 million above is a further £14.767 million contributions funded by Home Office grant.

## Assets and Liabilities

The underlying assets and liabilities for retirement benefits attributable to the Police and Crime Commissioner's Group at 31<sup>st</sup> March 2013 are as follows:

	<u>Police staff</u>		<u>Police Officers</u>	
	£000	£000	£000	£000
<b>Reconciliation of Present Value of Scheme Liabilities</b>				
	2011/12	2012/13	2011/12	2012/13
Opening Entry	-79,066	-90,080	-704,100	-765,000
Current Service Costs	-4,175	-4,208	-19,800	-20,500
Interest (cost)	-4,452	-4,403	-39,100	-36,600
Members Contributions	-1,572	-1,523	-4,300	-4,600
Actuarial Gain/Loss	-2,739	-14,587	-15,400	-92,900
Past Service Costs			-10,500	1,700
Settlements/Curtailments	-202	-41		
Benefits Paid	2,127	2,435	28,200	27,500
Surplus/Deficit	-90,079	-112,407	-765,000	-890,400
<b>Reconciliation of Fair Value of Scheme Assets</b>				
Opening Entry	68,610	73,625		
Expected Rate of Return	4,686	4,111		
Actuarial Gain/Loss	-2,394	4,765		
Transfers in/out			-300	-1,800
Employer Contributions	3,278	3,208	24,200	24,700
Members Contributions	1,572	1,523	4,300	4,600
Benefits Paid	-2,127	-2,435	-28,200	-27,500
Surplus/Deficit	73,625	84,797	0	0

## Scheme History

<b>Pension Scheme History</b>	£000	£000	£000	£000	£000
	2008/09	2009/10	2010/11	2011/12	2012/13
Present Value of Liabilities:					
Local Government Pension Scheme	- 53,666	- 101,409	- 79,066	-90,079	-112,407
Police Pension Scheme	- 499,300	- 740,000	- 704,100	-765,000	-890,400
Fair Value of Assets in LGPS	42,480	59,805	68,610	73,625	84,797
Surplus/Deficit in the Scheme:					
Local Government Pension Scheme	- 11,186	-41,604	-10,456	-16,454	-27,610
Police Pension Scheme	- 499,300	-740,000	-704,100	-765,000	-890,400
Total	- 510,486	-781,604	-714,556	-781,454	-918,010

The liabilities show the Wiltshire Police commitment for future payment of retirement benefits. The total deficit of £918m for 2012/13 has a substantial impact on the net worth of the authority shown on the balance sheet. However, the financial position of Wiltshire Police remains healthy due to the following:

- The deficit on the local government scheme will be funded by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.
- Funding to cover police pensions is only required when the pensions payments are actually made.

## Assumptions to Estimate Assets and Liabilities

For 2012/13, the Police Pension Scheme and the Local Government Scheme have been assessed on a projected basis, by Hymans Robertson, using the following assumptions to calculate the components of the pensions. The last full actual valuation was carried out as at March 2012 based on data at 31 December 2011.

<b>Pension Scheme Basis for Estimating</b>				
	LGPS		PPS	
	2011/12	2012/13	2011/12	2012/13
Long term expected rate of return on assets in the scheme:				
Equity Investments	6.20%	4.50%		
Bonds	4.00%	4.50%		
Property	4.40%	4.50%		
Cash	3.50%	4.50%		
Mortality assumptions:				
Longevity at 60 for current pensioners:				
Men	21.3	21.3	27.9	28.1
Women	23.6	23.6	30.8	31.0
Longevity at 60 for future pensioners:				
Men	23.3	23.3	29.5	29.7
Women	25.5	25.5	32.3	32.5
Rate of Inflation	2.50%	2.80%	3.30%	3.60%
Rate of Increase in salaries	4.80%	5.10%	3.50%	3.80%
Rate of Increase in pensions	2.50%	2.80%	2.50%	2.80%
Rate for discounting scheme liabilities	4.85%	4.50%	4.80%	4.50%

The Police Pension Scheme does not hold investment assets. The actual return on the LGP Scheme Assets for 2012 was 3.8% (3.6% 2011)

The Police and Crime Commissioner's Group accounts for Retirement Benefits in line with IAS 19 and IPSAS 25 and as a result, quoted securities held as assets in the Local Government Pension Scheme are valued at bid value rather than mid-market value.

The total value of assets as at 31 March 2013 is £84.797m (£73.625 March 2012).

The assets are distributed as per the following table:

	<b>31<sup>st</sup> March 2013</b>	<b>31<sup>st</sup> March 2012</b>
	%	%
Equities	72%	67%
Bonds	15%	18%
Property	10%	11%
Cash	3%	4%

## Sensitivity Analysis

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

<b>Police Pension Schemes - Change in assumptions at year ended 31 Mar 2013</b>	<b>Approx % increase to employer liability</b>	<b>Approx monetary amount (£000)</b>
0.1% decrease in real discount rate	2%	17,000
1 year increase in member life expectancy	3%	26,800
0.5% increase in the salary increase rate	1%	12,800
0.5% increase in the Pensions Increase Rate	9%	74,100

<b>Local Government Pension Scheme - Change in assumptions at year ended 31 Mar 2013</b>	<b>Approx % increase to employer liability</b>	<b>Approx monetary amount (£000)</b>
0.1% decrease in real discount rate	12%	13,814
1 year increase in member life expectancy	3%	3,372
0.5% increase in the salary increase rate	5%	5,442
0.5% increase in the Pensions Increase Rate	7%	8,059

## Actuarial Gains and Losses

The following table displays actuarial gains shown as a percentage of assets or liabilities at 31 March. The Total Gain is recognised in the Other Comprehensive Income and Expenditure.

	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
Differences between the expected and actual return on assets	-36.25%	17.52%	2.14%	-3.25%	0.04%
Experience gains and losses on liabilities	0.60%	0.78%	-5.06%	2.38%	5.62%

## Contributions Expected

Contributions expected to be paid to the schemes during the month of April 2013 are as follows:

Police pension scheme employer's contributions: £0.780m: (£9.360m projected for the year)  
 Police pension scheme member's contributions: £0.418m:(£5.016m projected for the year)

Local Government pension scheme employer's contributions: £0.269m:(£3.228m projected for the year)  
 Local Government pension scheme member's contributions: £0.128m: (£1.536m projected for the year)

## The Police Pension Fund Account

(Police Officer's Pensions only). Under the Police Pension Fund Regulations 2006, the Chief Constable for Wiltshire is not required to meet the pension costs directly but to pay an employer's pension contribution of 24.2% of pay into a pension fund account.

If the Officers and employers contributions are insufficient to meet the cost of pension payments, a top up grant is paid by the Home Office to help meet this obligation. Any surplus on the pension fund account is repaid to the Home Office and the account is balanced to Nil at year end.

Should the pension fund account not be balanced to Nil by pension top up grant then the PCC for Wiltshire Group is liable for any additional contribution required.

For 2012/13 the net amount payable on the pension fund account before top up grant was £14.767m. A total amount of £10.737m in pension grant was received, leaving a net amount of £4.030m due from the Home Office.

The balance of £4.030m is included within the Balance Sheet of the Group as a debtor.

## 9 Injury Awards

Wiltshire Police incurs costs relating to Injury Awards for employees forced to leave work through injury. The total cost for 2012/13 was £479,616 (£408,630 2011/12), this was financed through revenue. A further £289,405 was paid out as lump sum payments to the Home Office (£205,818 2011/12).

## 10 Operating Leases

The amounts paid under operating leases in 2012/13 and the amounts required in future years are as follows.

2011/12 £000			Leased	2012/13 £000		
Vehicle & Equip	Land & Building	Total		Vehicle & Equip	Land & Building	Total
187	45	233	Rentals Paid In Year	169	50	219
			Rentals Payable in Future Years			
169	50	219	Within 1 Year	169	50	219
442	171	613	Within 2 to 5 Years	273	158	431
	40	40	Later than 5 years		40	40

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

<b>2011/2012</b> <b>£000</b>	<b>Fund Account</b> (Note 8 provides further information)	<b>2012/2013</b> <b>£000</b>	<b>2012/2013</b> <b>£000</b>
9,482	Contributions Receivable		
183	Employer	9,321	
206	Other Bodies	169	
7	Early Retirements (Ill Health)	289	
4,314	30+ Scheme Employer Cont.		
<b>14,192</b>	Members	4,648	<b>14,427</b>
<b>14</b>	Transfers In from other schemes	192	<b>192</b>
	Benefits Payable		
19,521	Pensions	21,220	
7,942	Commutations	6,215	
289	Lump Sum Death Benefits		
7	30+ Scheme Payments		
<b>27,759</b>			<b>27,435</b>
	Payments to and on account of leavers		
308	Refunds of contributions		
<b>308</b>	Transfers out to other schemes	1,951	<b>1,951</b>
<b>13,861</b>	Net amount receivable for the year before top up grant		<b>14,767</b>
<b>13,861</b>	Transfer from Police Fund to meet Pension Fund deficit		<b>14,767</b>
<b>0</b>	Net amount receivable for year		<b>0</b>

**Net Assets Statement**

Due to the Pensions Regulations taking precedence over the Code of Practice, the accounting treatment of the top-up grant results in a zero net amount receivable for the year and no transactions for a Net Assets Statement.

The Pension Fund Account statement does not take account of liabilities to pay pensions and other benefits after the period end. Details of the long-term pension obligations can be found in **Note 8**.