



Police Service of Northern Ireland

Annual Report and Accounts

for the year ended 31 March 2018

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Any enquiries regarding this document should be sent to us at:
accounts@psni.pnn.police.uk

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**POLICE SERVICE OF
NORTHERN IRELAND**

Annual Report and Accounts

For the year ended 31 March 2018



Laid before the Northern Ireland Assembly under Section 12 (6)(b) of the Police
(Northern Ireland) Act 2000 as amended by the
Police (Northern Ireland) Act 2003 and the Northern Ireland Act 1998
(Devolution of Policing and Justice Functions) Order 2010

On

29 June 2018

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PERFORMANCE REPORT

OVERVIEW

The purpose of the Overview is to provide information to allow the purpose and the activities of the PSNI to be understood.

INTRODUCTION BY CHIEF CONSTABLE

Policing is changing, the demands we face are becoming more complex and the resources we have to deal with these demands are continuing to reduce. Despite all this change, the most important element of our police service remains constant, namely the professionalism and commitment that my officers and staff demonstrate every single day to keep people safe.

PSNI's people are its greatest asset and it is their hard work that has supported me in delivering budget cuts of £122 million during my tenure, whilst maintaining community confidence levels at record highs and recorded crime at record lows.

While PSNI is an apolitical organisation, we are not immune to the political uncertainty of the last year. The absence of a Northern Ireland Executive has not only created financial uncertainty but has left PSNI without a properly constituted Policing Board. I want to see a return to a fully constituted Policing Board in the months ahead, particularly given the scale of the financial and operational challenges we currently face.

The 2017-18 financial year began with a £17.2m budget cut together with a number of unfunded pressures, including some legacy related costs. By implementing a combination of cost reduction measures and by securing additional funding in year, PSNI delivered 0.025% within budget. Given the uncertainty created by the political situation, this result illustrates sound financial management in very complex circumstances. It also underlines that resources are extremely tight, with little room for manoeuvre. There is no doubt that another relatively peaceful summer in 2017 contributed significantly to the bottom line.

Constraining resources within budget came at a substantial cost. Officer numbers were reduced by a further 100 across the year to 6,700 and, among other cost reduction measures, proactive operations were more limited, activity on legacy work was curtailed and investment in new programmes were deferred. This situation is clearly not sustainable in the long term. These financial challenges were managed during another very busy operational year. PSNI responded to over 430,000 calls for service in the last year – that's a 7% increase on the year before. Antisocial behaviour, road traffic accidents, burglary, domestic abuse and murder were among the many crimes to which my officers responded and investigated.

However, only one in every five of our calls for service relate to crime. Vulnerability in society now has a huge impact on policing and one in every three calls for service relates to a person who is in need of special care, support or protection because of age, disability or risk of abuse or neglect. The most common element of vulnerability dealt with by officer and staff is mental health, with approximately 154 calls a day being dealt with by officers and staff linked to a person with identified mental health issues. Vulnerability in society requires a

joined up response from across public services. The Draft Programme for Government 2016 – 21 provided the right strategic direction for increasing cross departmental partnership working and putting a focus on better outcomes for society. It is hoped that the momentum initiated by this draft will be reignited and progressed by a reformed Northern Ireland Executive in the near future.

In addition to responding to the increasing demands of societal vulnerability, traditional visible crime has, and will continue to give way to new, less visible crime which is often cyber related and crosses international boundaries making it more difficult and expensive to investigate. We saw this in the last year when PSNI's cybercrime team were active participants in the response to the global ransomware attack in May 2017 which affected over 200 000 victims across 150 countries. Responding to this type of challenge requires effective collaborative working with all our policing and criminal justice colleagues, both across these islands, and indeed, across the globe.

Cross border collaborations has been one of the key focuses in preparing for Brexit. Along with our colleagues in England, Wales and Scotland, PSNI wants to ensure that Brexit does not dilute our ability to work closely with our colleagues in Europe. We are continuing to support the work being led by the National Crime Agency and the National Police Chiefs' Council to address this challenge.

In preparing for Brexit, PSNI also have to consider and plan for what will become a land Border between the UK and the EU, in the context of a SEVERE terrorist threat from violent dissident republicans. Policing in the Border area continues to be very challenging and at times dangerous. There is a continuing need for PSNI to take additional security precautions when conducting patrols in some border areas. Agencies such as Her Majesty's Revenue Customs (HMRC), the National Crime Agency (NCA) and the Environment Agency, including their contractors, do not currently operate in much of the border area without police support, and such operations require significant planning, coordination and resource. This is a policing challenge unlike anywhere else in the UK.

PSNI have heard and are grateful for the general consensus from all sides of the Brexit negotiations to avoid any form of infrastructure at the border. However, as yet, there remains huge uncertainty as to how this will be achieved. It seems likely that whatever solution is agreed will require compliance and enforcement activity by the relevant agencies in areas proximate to the border. It is simply not possible for PSNI to respond adequately to additional significant and high risk demand without additional resources. To this end, I and my senior colleagues are continuing to work with key stakeholders to establish how PSNI will be supported for its post Brexit role.

There is no doubt that we are in a time of unprecedented change and challenge. Our communities are more fluid, there is increasing vulnerability and the expectations of what policing can deliver are very high. Reducing budgets, Brexit and political uncertainty do not make our operating environment any easier. However, the professionalism of the officers and staff of the PSNI gives me great confidence in our ability to respond to the significant strategic challenges we currently face. We are continuing to explore more innovative ways of working both within PSNI and across our partner agencies, to ensure that we can continue to Keep People Safe in the years ahead.

Background Information

The Police (Northern Ireland) Act 2000 and subsequent amendments in the Police (Northern Ireland) Act 2003, made specific provision about policing in Northern Ireland. Section 12(4) of the Act, as amended by Section 7 of the 2003 Act, refers specifically to the requirement for the Chief Constable to submit the statement of accounts to the Northern Ireland Policing Board (in regard to amounts put at disposal of the Chief Constable by the Policing Board) within such period after the end of the financial year to which they relate as the Department of Justice may determine. This is to allow the Policing Board to meet its own specific requirements under Section 12(1)(a) of the Act.

Nature of the business

The Northern Ireland Policing Board (NIPB) is an independent public body established under the Police (Northern Ireland) Act 2000. Made up of 19 Political and Independent Members, the NIPB aims to ensure an effective, efficient, impartial, representative and accountable police service for all the people of Northern Ireland. Due to the absence of a Northern Ireland Assembly as a result of ongoing political discussions, the Policing Board has not been formally constituted. However, PSNI has continued to work with the Board to ensure a level of accountability in a period of uncertainty meeting with independent members and political representatives to discuss current issues and performance.

Each year the PSNI and the Policing Board publish an annual Policing Plan in accordance with the Police (Northern Ireland) Act 2000. The plan sets out specific outcomes indicators and measures and takes a strategic view of policing in Northern Ireland over the next five years. PSNI, on behalf of the NIPB, are legislatively responsible for drafting the Policing Plan. This is done in close consultation with the NIPB and the Department of Justice (DoJ) through regular tripartite meetings. Ultimately, outcomes, indicators and measures can be revised by NIPB as it is their plan.

The Chief Constable is accountable to the NIPB for delivery of outcome indicators and measures detailed in the Policing Plan.

The Northern Ireland Policing Board, in conjunction with the PSNI, published the 2017-18 Policing plan and Strategic Outcomes for Policing 2016-2020. The 2017-18 plan sets both annual and longer term objectives and priorities for policing, together with a range of targets and measures for the PSNI to achieve by the end of March 2018. The 2016-2020 Strategic Outcomes for Policing Plan outlines 12 outcomes developed in partnership outlining what needs to be achieved in the next five years. The outcomes fall under five key themes;

- Communication and Engagement;
- Protection of people and communities;
- Reduction in Offending;
- More efficient and effective delivery of justice; and
- More efficient and effective policing.

A copy of the Policing Plan 2017 -18 can be viewed on the Policing Board's website:
<https://www.nipolicingboard.org.uk/outcomes-policing-annual-policing-plan>

Vision

The PSNI's vision is to help build a safe, confident and peaceful society.

Northern Ireland continues to grow and thrive and as a police service we have a vital role in enabling this development. It is our role to support and work with the Northern Ireland Executive, Community, Business and Voluntary groups to continue to help in building a safe, confident and peaceful society. The PSNI's ability to provide a reliable and reassuring presence to all communities and a service that communities have confidence in creates the conditions for our society to exist and thrive. The role PSNI plays in sustaining communities, supporting cohesion and keeping people safe is a core enabler in building a peaceful society and something we should be proud of.

The **Vision** of the Police Service of Northern Ireland

'Keeping People Safe is what we do; Policing with the Community is how we do it ...'



Purpose

Our policing purpose is Keeping People Safe. As a police service we will work with partners and communities to meet this purpose.

Keeping People Safe means: **Preventing harm, protecting our communities and detecting offences.**

Policing with the Community is about creating real participation between the police and the community - a partnership in which policing reflects and responds to the community's needs and in which the community play an active part in delivering a solution. PSNI are committed to achieving all that is laid out in the challenging Policing Plan.

The Police Service of Northern Ireland (PSNI) will work with communities and partners to 'help build a safe, confident and peaceful society' in the years ahead. The PSNI will continue to deliver policing based on our Policing with the Community behaviours of accountability, fairness courtesy and respect, and collaborative decision making.

Operating Environment

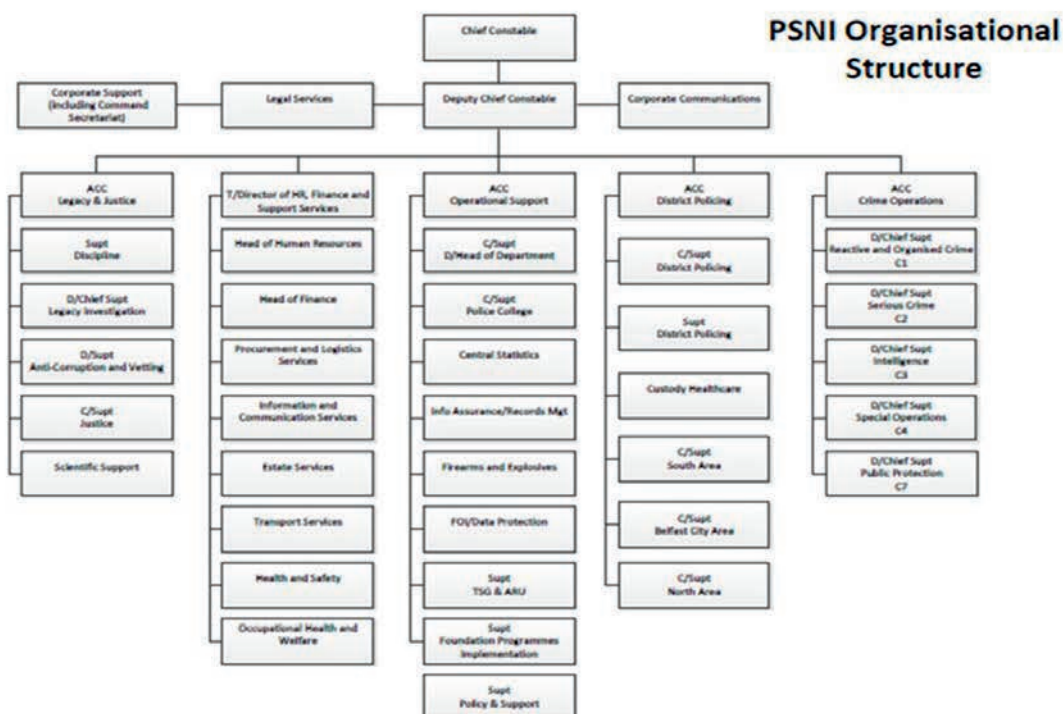
PSNI, like all public services are facing very significant challenges, these relate to reducing budgets, changing demands, reducing workforce and altering public expectations. PSNI will continue to deliver policing based on our Policing with the Community behaviours of accountability, collaborative decision making and fairness, courtesy and respect. As a police service we also recognise that we operate in an environment unique to policing and the importance of policing in a Northern Ireland context. We have to consider a current, real and severe terrorist threat to our officers, staff and infrastructure.

The demands facing PSNI are constant, complex and often competing. The diagram overleaf sets out the demands faced by PSNI on a day to day basis. Policing however is changing, in the future the threats we face will often be less visible to the public which is often cyber related and crosses international boundaries making it more difficult to investigate.

The PSNI corporate plan sets out the 7 core area that PSNI will use to guide its approach in developing new, innovative ways of working that will ensure that we continue to Keep People Safe in the years ahead. We will focus on Local Policing, Culture, Specialist Capabilities, Workforce, Digital Policing, Enabling Business Delivery and Partnerships.

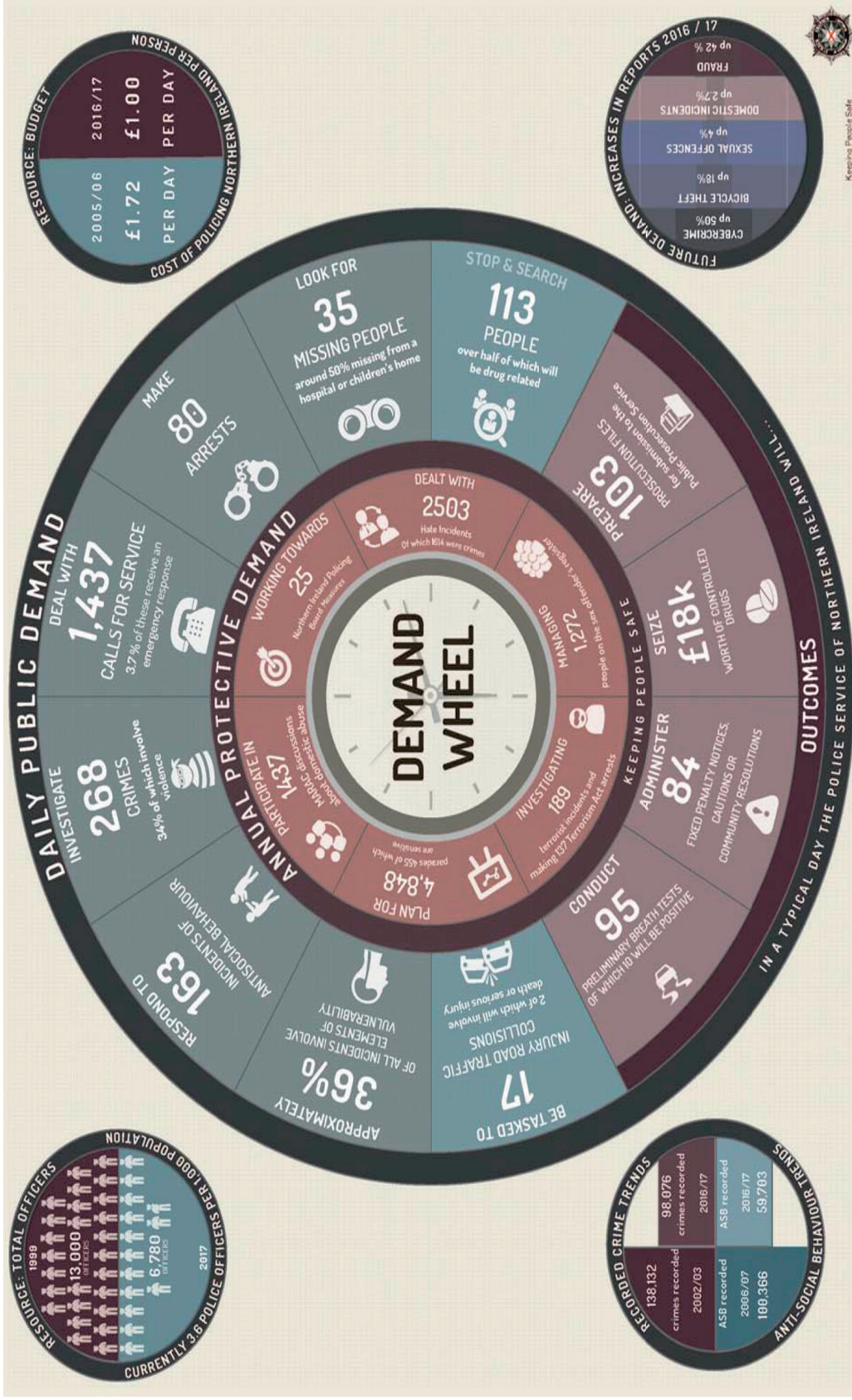
Organisational Structure

The PSNI is headed by the Chief and Deputy Chief Constable. They are supported by 4 Assistant Chief Constables and a Police Staff Director, who manage the operational departments of the organisation. The organisational structure is shown in the chart below.



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PSNI Demand Wheel



Figures above are based on performance data as published for the 2016-17 year

The Annual Report and Accounts also provide details of the activities of the Police Fund and Police Property Fund, which are separate Funds administered by the PSNI. The PSNI administer the Police Fund in association with the RUC Benevolent Fund and ex members who volunteer their services. It was established by regulations under section 28 of the Police Act (NI) 1970 which consist of PSNI Grant and fines imposed on police officers as a result of disciplinary action. This together with investment income is applied by PSNI for the welfare of police officers and their dependants.

The Police Property Fund was established by regulations under section 2 of the Police (Property) Act 1987, and comprises unclaimed receipts arising from criminal investigations by the PSNI, which the Policing Board donate to charities.

Accounts Direction

The Annual Report and Accounts for 2017-18 have been prepared in a form directed by the Department of Justice in accordance with Section 12 (3) of Part 2 to the Police (Northern Ireland) Act 2000 as amended by the Police (Northern Ireland) Act 2003 and Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010.

PSNI complies with the corporate governance and accountability framework arrangements (including Managing Public Money Northern Ireland) issued by the Department of Finance (DoF) and the DOJ.

In accordance with the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010, the Annual Report and Accounts of the PSNI for the year ended 31 March 2018, will be laid in the Northern Ireland Assembly.

Risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the PSNI's long-term performance. These risks are managed within the PSNI risk and control framework.

The key risk priorities detailed in the Corporate Risk Register, which are currently facing the organisation, include the following areas; Terrorist Attack, Funding, Legacy Litigation, Records Management and Data Protection, Mandatory Training, Sick Absence and Duty Restriction. Further information on risk management is contained within the Governance Statement.

Interest rate and currency risk

PSNI has no borrowings, relying primarily on Departmental grants for its cash requirements, and is therefore not exposed to liquidity risks. It also has no material deposits. As all significant assets and liabilities are determined in sterling, it is not exposed to material interest rate or currency risk.

Going concern

PSNI forms part of the DOJ and is funded via the Department through supply grants from the Northern Ireland Consolidated Fund other than that required to provide the specified services of the specified year, or retained in excess of that need.

The Statement of Financial Position at 31 March 2018 shows net current liabilities of £88.7m. This reflects the inclusion of liabilities already incurred which are due for payment in future years. These liabilities will be financed from the Northern Ireland Consolidated Fund. Such drawings will be from Grants approved annually by the Northern Ireland Assembly. The Northern Ireland Assembly was dissolved from 26 January 2017 with an election taking place on 2 March 2017, on which date Ministers ceased to hold office. An Executive was not formed following the 2 March 2017 election. As a consequence, the Northern Ireland Budget Act 2017 was progressed through Westminster, receiving Royal Assent on 16 November 2017, followed by the Northern Ireland Budget (Anticipation and Adjustments) Act 2018 which received Royal Assent on 28th March 2018. The authorisations, appropriations and limits in these Acts provide the authority for the 2017-18 financial year and a vote on account for the early months of the 2018-19 financial year as if they were Acts of the Northern Ireland Assembly

The future financing of the PSNI's liabilities will be met by future Grants from the Department of Justice and the application of future income. There is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of the PSNI's financial statements for 2017-18.

Performance Summary

There were 98,301 crimes recorded in 2017-18, a marginal rise of 0.3% on the previous year but remaining the second lowest total recorded since 1998/99. The outcome rate increased very slightly (0.1%) to 28.5%.

Crime rose in five of the nine main crime classifications. The largest proportional increase was in recorded drug offences, up by 20.1% on 2016-17 with a new high in the series (6,502 offences). There was also an increase in possession of weapons offences of 12.4% also reaching the highest level recorded (1,000 offences). It should be noted that these increases are largely as a result of police activity. Sexual offences have continued to increase since 2000-01 and were up by 9.3% (to 3,443 offences) on the previous year. Within this category there was a 19.2% increase in rape offences. Miscellaneous crimes against society rose by 4.0% to 2,958; and Violence against the person offences increased by 2.4% to 34,162 offences. The increase in violence against the person offences were in respect of violence without injury and a new recording category of malicious communication

Crime was down in four of the main crime classifications with the largest proportional fall in robbery offences, down by 11.6% to 577 crimes, the lowest level recorded since the series commenced. Public order offences fell by 8.9% on the previous year to the lowest level since 2004-05. Criminal damage fell by 6.1% to a new low of

18,290 offences; and theft offences (including burglary) reduced by 2.4% to reach a new series low of 30,262.

Incidents and Crimes with a Domestic abuse motivation reach the highest level in over 10 years. The number of crimes with a domestic abuse motivation reached a record high at 14,560 in 2017-18, up by 4.5% on the previous year. The associated crime outcome rate in 2017-18 fell by 1.1 percentage point to 28%. Crimes with a domestic motivation account for 14.8% of all crime up from 14.2% in 2016-17.

There have been annual falls in four of the six hate incident categories. In 2017-18 the PSNI recorded 1,025 racist incidents, 879 sectarian incidents, 267 homophobic incidents, 101 disability incidents, 90 faith/religion incidents and 38 transphobic incidents. Within these hate incidents, the number of crimes fell in three of the six hate crime types: sectarian crimes were down by 118 (-17.0%) to 576, racist crimes fell by 45 (-6.9%) to 609 and disability crimes fell by 12 (20%) to 48. However, faith/religion crimes increased by seven offences to 41, transphobic crimes rose by 5 to 17, while there was 1 more homophobic crime (163) in 2017/18 compared to the previous year. Compared to 2016-17, crime outcome rates in 2017-18 fell for all except homophobic and faith/religion categories.

Although the trend in recorded crime is downwards, the demand on police is increasing with less visible, more complex crimes linked to vulnerability. This less visible crime is more challenging to identify and resource intensive to investigate.

Most Similar Forces

Most similar force (MSF) percentage change comparisons for some of the main crime areas are provided in the table below. The comparisons cover the 2016 and 2017 calendar years as the England and Wales' figures for 2017-18 are not scheduled to be released until 19 July 2018. For all the crime classifications shown, the PSNI position is different to the MSF percentage changes so it is difficult to make meaningful comparisons. The improvements in the crime recording processes in England and Wales still appear to be impacting on their figures.

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Most Similar Force Comparison – Percentage Change January to December 2016 – January to December 2017									
	England & Wales	Devon & Cornwall	GMP	Mersey-side	North-umbria	Notts	West Midlands	West Yorkshire	PSNI
All Crime (exc Fraud)	15%	23%	37%	14%	26%	24%	14%	13%	1.4%
Violence against the Person	21%	36%	53%	17%	32%	29%	14%	24%	-0.9%
Violence with Injury	11%	20%	26%	5%	2%	14%	9%	19%	-4.3%
Violence without Injury	25%	40%	67%	27%	52%	30%	19%	27%	1.5%
Sexual Offences	25%	43%	44%	28%	31%	39%	28%	35%	2.9%
Theft	11%	13%	13%	10%	18%	22%	15%	4%	-2.8%
Burglary	9%	3%	13%	14%	15%	4%	16%	4%	-7.2%
Vehicle Offences	16%	19%	27%	27%	19%	31%	23%	3%	-12.8%
Criminal Damage	7%	11%	14%	8%	13%	13%	5%	5%	-6.5%
Drugs Offences	-4%	5%	14%	14%	-9%	-1%	-17%	7%	18.8%
Possession of Weapons	25%	35%	61%	22%	10%	20%	13%	24%	9.3%

PERFORMANCE ANALYSIS

Performance

PERFORMANCE AGAINST THE POLICING PLAN 2017-18

OVERARCHING THEME 1: COMMUNICATION AND ENGAGEMENT

Although levels of public confidence in the Police have been steadily increasing over recent years, our focus continues to be on the victims and areas/communities where confidence in police is lowest. We work collaboratively with partners to improve confidence in the Police us, especially within areas identified as being most in need of support.

The number of complaints and allegations against the Police are at the lowest levels for a decade with all types of allegations showing a reduction compared to 2016-17. Internally the PSNI has developed action plans to address underrepresentation and wellbeing and has been worked hard to instil the Policing with the Community ethos internally and through working with communities.

1.1 Trust and confidence in policing throughout Northern Ireland

1.1.1 Increase the level of public confidence in the police's ability to provide an ordinary day-to-day service and in local police.

Status: Achieved

Confidence in the police and police accountability arrangements			
% confident that the...	2014/15	2015/16	2016/17
Police provide an ordinary day-to-day service for all the people of NI	85.0	86.1	85.9*

Confidence in the local police			
% agreeing that the local police...	2014/15	2015/16	2016/17
Overall confidence in the local police	68.3	68.3	70.9*

* not statistically significant

There has been no statistically significant change compared to 2015-16. However it should be noted that both measures have increased since the 2007-08 Northern Ireland Crime Survey and these changes are statistically significant.

This indicates that over the long term confidence in the police is increasing.

Figures for 2017-18 are not available.

Source: NICS 2007/08 to NICS 2016/17

1.1.2 To improve victim satisfaction in certain aspects of contact with the PSNI.

Status: Partially Achieved

Question	% responding Strongly Agree/Agree		
	2016	2017	%pt Change
The police officers / staff treated me with fairness and respect	81.1	81.4	0.3
I am satisfied with how well I have been kept informed of the progress of my case	54.3	55.6	1.3
I am satisfied with my contact with PSNI	63.5	63.7	0.2
If a family member or friend were a victim of crime in the future, based on this experience, I would recommend they report it to the police	80.0	79.1	-0.9

The PSNI survey approximately 2,000 victims of crime per month to assess the quality of the service that has been received. The table above shows the results of this survey for 2016 and 2017. Three of the measures have increased slightly while one has decreased, however none of these changes are statistically significant. The results are confounding as the responses to the first three measures show that more people believed they were treated with fairness and respect, were happy with the information provided on the progress of their case and were satisfied with their contact with PSNI but fewer people would recommend reporting a crime to the police, based on that experience. It suggests that other factors influence the decision on whether or not to recommend contacting the police beyond their personal experience.

1.1.3 Increase confidence in policing in areas where it was identified as being lower through initiatives in collaboration with local communities, partner agencies and PCSPs.

Status: Partially Achieved

During 2017-18 independent research was conducted in six District Electoral Areas (DEAs): Coleraine (Causeway Coast and Glens), Rosslea and East Erne (Fermanagh and Omagh), Bangor West/Kilcooley (Ards and North Down), Killultagh/Dunmurry (Lisburn and Castlereagh), Larne Lough/Carrick Castle (Mid and East Antrim), Slieve Gullion (Newry, Mourne and Down). These areas are different to the areas studied in 2016/17 therefore it is not possible to make comparisons. However this research has identified a number of opportunities for PSNI to improve confidence in policing.

1.1.4 Increase young people's confidence in policing in areas where it was identified as being lower through initiatives carried out in collaboration with local communities, partner agencies and PCSPs.

Status: Partially Achieved

Independent research in six areas [Oldpark (Belfast City), Titanic (Belfast City), Lurgan (Armagh, Banbridge & Craigavon), the Moor (Derry City and Strabane), Torrent (Mid Ulster) and Macedon (Antrim and Newtownabbey)] which commenced in 2016-17 completed in 2017-18. The research identified some of the more successful initiatives PSNI deliver to build confidence in young people. This will inform future engagement initiatives.

Furthermore the Youth Volunteer Academy (YVA) is now active in three districts - Mid and East Antrim, Mid Ulster and Armagh and Banbridge and Craigavon. The Youth Volunteer Academy is run in partnership between PSNI, the Education Authority and Northern Ireland Ambulance Service. Each scheme aims to recruit 15 young people deemed to be "At Risk" into a programme of activities designed to increase their confidence in policing and other public services, whilst raising awareness of anti-social and risk taking behaviours. The programme is designed to strengthen the relationship between police and young people, break down barriers and promote positive role models.

The YVA programme has been evaluated as being effective in engaging "hard to reach" young people, introducing them to positive policing, teaching them new skills, enhancing their confidence and increasing their self-esteem. A further three schemes are currently being identified for commencement in the autumn of 2018 with the intention to have three schemes operational across PSNI at any one time.

1.1.5 Reduce allegations against the PSNI.

Status: *Achieved*

Complaints and Allegations			
	2016/17	2017/18	% Change
No of complaints	2755	2504	-9.1%
No of allegations	4741	4159	-12.3%
<i>Oppressive Behaviour</i>	1041	850	-18.3%
<i>Failure in Duty</i>	2248	2071	-7.9%
<i>Incivility</i>	281	235	-16.4%

2017-18 is by far the lowest year for allegations since the Police Ombudsman's Office was formed. There has been a sustained year on year reduction over the past 5 years.

The main allegation categories have all reduced significantly.

1.1.6 Improve under-representation in respect of gender and community background across departments and branches of the PSNI.

Status: *Partially Achieved*

As of 31 March 2018 31.6% of Police Officers and 19.5% of Police Staff were Roman Catholic. The percentage of Roman Catholic Police Officers has increased slightly from 30.5% on 31 May 2017. There has been a slight reduction in the percentage of Roman Catholic Police Staff compared to 31 May 2017 (19.8%).

As of 31 March 2018 29% of Police Officers and 58.6% of Police Staff were female. There has been a slight reduction in the percentage of female Police Staff compared to 31 May 2017 (61.5%). The percentage of female officers remains unchanged.

Roman Catholic Police Officers are under-represented in all Departments, except District Policing. However there has been improvement across all Departments in the numbers of Roman Catholic Officers in 2017-18.

Percentage of Police Officers by Community Background ¹										
	Other Departments		Crime Operations		District Policing		Operational Support		Service	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
Protestant	93.9%	75.7%	70.3%	69.9%	64.0%	64.6%	69.4%	67.9%	67.5%	67.1%
Roman Catholic	3.2%	22.7%	28.1%	28.7%	34.9%	34.3%	28.5%	30.2%	31.1%	31.6%
Undetermined	2.9%	1.7%	1.6%	1.4%	1.1%	1.1%	2.1%	1.9%	1.4%	1.3%

¹ 2016/17 figures refer to 31/05/2017 and 2017/18 figures refer to 31/03/2018

Female officers are under-represented in Operational Support Department. In order to improve gender representativeness, female only information days were held in relation to vacancies within units with under-representation. At the information days, all of which were well attended, attendees were able to meet with the training teams to find out more about the different roles and areas that the vacancies were in, and they also had the chance to ask questions in relation to training, working practices and conditions.

PSNI have a number of associations dedicated to supporting under-represented groups such as the Women's Police Association, Ethnic Minority Police Association and PSNI LGBT+ Network.

In 2017-18 22.7% of Police Officer and 18.9% of Police Staff appointments were

Roman Catholic. In 2017-18 29.0% of Police Officer and 40.9% of Police Staff appointments were female.

The latest Police Officer recruitment campaign has seen the highest proportion of applicants from a Roman Catholic community background (31.8%) and female applicants (39.3%) since recruitment into PSNI began in 2013.

Officers from local Neighbourhood Policing Teams and the LGBT Network held a series of recruitment information events. These events provided an open forum to engage with the public affected by LGBT issues. The events were positively received and well attended.

1.1.7 PSNI engages with communities to improve understanding of the impact of policing decisions and involve communities wherever possible in those decisions.

1.1.8 Embed and demonstrate Policing with the Community ethos and behaviours throughout the *service specifically*:

- **Demonstrate locality based police-community decision making through co-design that evidences the benefit of community input to the delivery of policing.**
- **Evidence the ongoing impact and benefits realised as a result of the delivery of this project, both internally and externally.**

Status: Partially Achieved

In the last financial year a number of activities have been undertaken to improve police-community decision making, including

- Problem Solving and Community Empowerment Knowledge Centres developed and launched on the internal intranet.
- Open University Modules developed to enhance skills, knowledge and confidence around collaborative problem solving. These modules are now a pre-requisite for all new police officers and police staff joining PSNI.
- Policing with the Community training has been completed for over 1,700 personnel across Districts, OSD and Crime Operations.
- A special issue of the internal magazine CallSign dedicated to Policing with the Community was published to increase awareness and knowledge of collaborative decision making.
- The Youth Volunteer Academy (YVA) project, outlined above, is a positive example of Policing with the Community behaviours in action, particularly collaborative decision making for the benefit of our local young people and the local communities we serve.
- Community Empowerment is about involving local people directly in making decisions on the priorities and services in their communities. Work has been conducted to develop and enhance skills and capability to engage with communities, identify and utilise community assets and develop meaningful collaboration.

The Project has also delivered a number of initiatives to help embed the Policing with the Community ethos and behaviours including

- Threat, Harm, Risk, Investigation, Vulnerability and Engagement (THRIVE) model for decision making has been introduced in Contact Management Centres (CMC). Contact Management are very often the first point of contact that a person has with our police service. THRIVE is about standardising our approach and ensuring we have a consistent framework to identify the most appropriate resource to deal with the matter and provides better levels of information to the allocated officer or staff member.
- Introduction of Enhanced Crisis Communicators (ECC) in Contact Management Centres. The ECCs are used as the primary communicator to manage calls from those in crisis making suicidal or self-harm threats and are also used to support untrained staff in managing a call of this type. They are given an enhanced level of training around communication techniques and provided with training around a range of models which they can use to manage the immediate crisis.
- Top Callers Process which identifies repeat callers for further research to understand the issue and potential vulnerability which is used to develop local problem solving.
- Implementation of the Leadership Strategy by the Police College. The Leadership Strategy has been developed in accordance with the Guiding Principles for Police Leadership identified by National Police Chiefs Council (NPCC), Her Majesty's Inspectorate of Constabularies (HMIC) and College of Policing (COP) and in essence starts with ensuring that role profiles correctly identify the knowledge, skills and behaviours for each role. Formal Leadership Development programmes and activities will be undertaken at three distinct levels - Emerging Leaders, Established Leaders and Executive Leaders.
- September 2017 was 'Policing with the Community Month' which included a full schedule of daily emails and internal intranet articles to raise awareness of the ethos and behaviours generally and specifically how these are being applied across the organisation.

OVERARCHING THEME 2: PROTECTION OF PEOPLE AND COMMUNITIES

Identifying and proactively intervening to protect and support vulnerable individuals at greatest risk is a Strategic Priority for the PSNI. We are rolling out multi-agency support hubs across the organisation, working to reduce the number of offences and anti-social behaviour incidents and working hard to in the areas of domestic abuse, hate crime, CSE, missing people, mental health and older people, including being able to better identify and support repeat victims.

There have been fewer road traffic collisions and casualties in 2017-18 than in 2016-17. Four fewer people lost their lives in road traffic collisions in 2017-18 than 2016-17; furthermore 87 fewer people received serious injuries. Fewer children and young people have been seriously injured or killed as a result of road traffic collisions this year. The drink driving message appears to have been adhered to with more people tested but with fewer collisions being caused by intoxicated drivers and a reduction in the number of drink/driving offences. PSNI, in collaboration with partner agencies, continue to develop and test innovative campaigns to educate the public on road safety.

2.1 Harm caused by crime and anti-social behaviour is reduced with a focus on protecting the most vulnerable, including repeat victims.

2.1.1 Improve service to the most vulnerable across PSNI policing districts through the implementation of Support Hubs in collaboration with PCSPs and other partners.

Status: Partially Achieved

The concept of a multi-agency District Support Hub to provide early intervention and support for individuals and families in crisis is being developed for roll out across PSNI. Currently there are four Hubs fully operational – Derry City & Strabane, Antrim & Newtownabbey, Mid & East Antrim and Causeway Coast & Glens. Plans for the further roll out are being finalised with ongoing liaison with Districts and partner organisations. A Support Hub Readiness Guide has been produced to assist District Commanders in the implementation of the hubs in the remaining seven Districts.

	Derry City & Strabane	Antrim & Newtownabbey	Mid & East Antrim	Causeway Coast & Glens
Number of Operational Meetings held	20	13	7	2
Number of Referrals made	62	43	20	5
Number of actions completed by PSNI	250	64	76	1
Number of Actions completed by Partners	359	67	103	1
Number of persons signposted with no need to refer (diffusion of benefits)	101	24	27	7

The initial observations support the fact that once vulnerable persons are being supported in a collaborative manner via the Support Hub, calls for service may well increase in the short term and then as their vulnerabilities are addressed/supported, calls for service decrease.

2.1.2 Improve the service to vulnerable groups in collaboration with partners in relation to:

2.1.3 Improve the service to repeat victims

- Hate crime

Status: Achieved

The number of reported hate incidents and offences has decreased for most categories in 2017-18 compared to 2016-17. For the first time since recording began the number of Racist hate incidents and offences is higher than Sectarian incidents and offences.

	Total Incidents Recorded			Total Offences Recorded			Outcome Rate (%)		
	2016/17	2017/18	Change	2016/17	2017/18	Change	2016/17	2017/18	% point Change
Racist	1044	1025	-19	654	609	-45	18.2%	14.9%	-3.3%
Sectarian	995	879	-116	694	576	-118	13.0%	12.0%	-1.0%
Homophobic	279	267	-12	162	163	1	21.6%	22.1%	0.5%
Faith/Religion	65	90	25	34	41	7	5.9%	7.3%	1.4%
Disability	112	101	-11	60	48	-12	11.7%	4.2%	-7.5%
Transphobic	20	38	18	12	17	5	25.0%	23.5%	-1.5%

The following table shows the levels of repeat victimisation. Overall 12.0% of victims were identified during the period as being a repeat victim. Around a fifth of all occurrences relate to repeat victims.

	No. of Occurrences ¹	No. of Victims	No. of Repeat Victims	Rate of Repeat Victimisation
Racist	1025	731	89	12.2%
Faith/Religion	90	30	4	13.3%
Homophobic	267	210	20	9.5%
Transphobic	38	21	8	38.1%
Disability	101	72	7	9.7%

¹ Occurrences may relate to an incident or an offence

The Hate Crime Advocacy Service (HCAS) remains in place and PSNI is continuing to work with DoJ to ensure that the service remains appropriate for the community and victim needs. The HCAS has engaged with PSNI as a key strategic partner in addressing hate crime in a number of ways, including briefings/training for police personnel, two-way information-sharing and joint working on awareness-raising. A recent evaluation of the HCAS indicated a high level of user satisfaction with all respondents (33) agreeing that they received a good service and that they would direct other victims of hate crime to the Advocacy Service.

Partnership working is a routine approach to this work area and this involves statutory partners as well as those within the community and voluntary sector. Proactive engagement with partner agencies, the advocates & key groups to monitor community tensions has been ongoing across the Districts and particularly following recent terror attacks.

PSNI continue to engage with minority communities through involvement in cultural events, such as PRIDE and the Belfast Mela, and religious festivals including Eid celebrations. These events provide an opportunity to explain what can be expected from their Police Service, how to contact PSNI and general information regarding laws.

In March 2018 the Launch of #NoHateHere campaign took place in Mid and East Antrim. This initiative in partnership with the PCSP, local businesses and inter-ethnic forum is about creating Safe Places for reporting across the Ballymena area. This will be trialled and evaluated with a view to roll out across all Districts in the coming year.

- **Crimes against older people**

Status: Achieved

Older people account for 21.2% of the population and around 7% of all crime is committed against older people.

	Offences			Outcome Rates			Population Share	
	2016/17	2017/18	Change	2016/17	2017/18	Change	Number	%
All Crime (All ages)	98014	98301	+287	28.4%	28.5%	+0.1%	1862100	100.0
All Crime (60+ only)	6893	6865	-28	13.0%	12.9%	-0.1%	394600	21.2
Crime 60-69yrs	3931	3934	+3	15.0%	14.4%	-0.6%	186400	10.0
Crime 70-79yrs	1984	1977	-7	10.4%	12.0%	+1.6%	132100	7.1
Crime 80yrs+	978	954	-24	10.6%	8.8%	-1.8%	76100	4.1

Older people experience more acquisitive crime (theft, burglary and robbery) and criminal damage than under 60 year olds, this pattern was also evident in 2016-17. The risk of acquisitive crime increases with age, people aged 80 years and above are at more risk than those in 70-79 years age group. While the 70-79 years age group are at greater risk than the 60-69 year old age group.

Repeat victimisation of older victims is managed at District and Area levels through the National Intelligence Model (NIM) structures. The Top Callers process and THRIVE model recently introduced as part of the Policing with the Community Project assists in identifying older repeat victims and any related vulnerabilities.

Scamwise NI partnership, although applies to the whole community, is particularly directed to older and vulnerable persons. The campaign has had four phases to date and the experience of older victims of scams has been highlighted in each.

PSNI is working with the Health and Social Care Trusts (HSCT) and Victim Support to train their staff to raise awareness amongst older persons about the risks of doorstep crimes. A number of doorstep crimes inputs have been developed and a programme is in place with number of the Health Trusts.

In July 2017, PSNI launched the Banking Protocol in partnership with the banks and building societies to help protect older people. The Banking Protocol has had a number of successes to date including the arrest and charge of individuals involved in scamming older people via rogue trading.

The Police Service of Northern Ireland in collaboration with the Utility Regulator and five energy network companies, Firmus energy distribution, Northern Ireland Electricity Networks, Northern Ireland Water, Phoenix Natural Gas Ltd and SGN Natural Gas, has relaunched the Quick Check 101 scheme. Members of the public can now speak directly to a police call handler who can confirm the identity of any callers claiming to represent the utility companies.

- **Sexual offences**

Status: Achieved

The Rape Crime Unit (RCU) developed an education, prevention and partnership strategy for 2017-18. This involved pilot partnerships working with Nexus – a third sector charity involved in the counselling of sexual abuse victims. This work allows the PSNI to offer counselling services to victims of sexual abuse, whilst encouraging victims to remain within the criminal justice process. This will allow feedback to form part of the service that the PSNI provide to victims of sexual abuse.

For 2017-2018, the Rape Crime Unit developed an engagement plan. This includes ‘drop in’ reporting centres, accessible to minority communities where sexual crime is believed to be under-reported. This initiative is being taken forward with a ‘drop in’ facility with the LGBT community project.

The PSNI and Public Prosecution Service (PPS) have implemented Sexual Assault Advice Clinics for child abuse victims. This will help to achieve prompter outcomes for victims of sexual violence and it will mean a more responsive service to victims, with greater focus on those who need the service most.

Monthly management meetings with the Rowan Sexual Assault Referral Centre (SARC) ensure that the service provided is of the highest standard and allows the team to review cases and to look at other methods to deal with issues in line with all other SARCs throughout the UK. Joint presentations have been delivered in partnership with the Rowan to external groups.

- **Mental health**

Status: Achieved

Basic mental health training is being developed for student officers during initial training in the Police College. It is intended that this training will be rolled out to all officers. Local charity Youth Action NI recently performed a play for PSNI student officers to help them gain a better understanding of mental health issues. The student officers and the teenagers also took part in a cross-community workshop as part of the event. This was a powerful performance and workshop that placed the spotlight on mental health especially in young people.

In addition, individual mental health points of contact within PSNI have been identified for each District who regularly communicates with our mental health service lead at PSNI Headquarters. This establishes a joined up approach with district mental health initiatives.

Liaison has been significant with partners within Public Health Agency, Health and Social Care Board, Northern Ireland Ambulance Service, Northern Ireland Prison Service, various Health Trusts and charitable organisations such as Mindwise, Headway, Lifeline and the Samaritans.

In recent months PSNI have been involved in developing interagency working relationships with Adult Mental Health Services, Trust Emergency Departments and the NI Ambulance Service (NIAS) to enhance the experience of those who use Mental Health Services. This indicates the combined enthusiasm from all involved in our

continued efforts to provide a high standard of care and to continually improve services for all service users.

2.1.4 Demonstrate an effective contribution in addressing anti-social behaviour particularly in areas of high deprivation and hot spot areas in collaboration with PCSPs and relevant others within the community.

Status: Partially Achieved

In collaboration with Northern Ireland Policing Board (NIPB) Partnership Committee 19 Wards have been identified which suffer from proportionately high levels of ASB.

During 2017-18 a lead officer was appointed in each of the Wards to report on a regular basis across three pillars.

1. Targeting: How does PSNI work with local communities to identify harm from ASB?
2. Tackling: What activity is PSNI engaged in with partners and the community to address the identified issues?
3. Tracking: How is PSNI engaging with the community to assess the impact of the activity undertaken?

The table below shows the levels of anti-social behaviour in each of the Wards for 2016-17 and 2017-18.

	Ardoyne	Ballymacarrett	Beersbridge	Clonard	Duncairn	Falls	New Lodge	Shankill Belfast	Water Works	Woodstock	Woodvale	City Walls	Ebrington	Galliagh	Shantallow	Shantallow East	Mourneview	Parklake	Shankill Lurgan
2016/17	196	330	476	325	1077	707	386	283	722	394	256	753	279	149	44	69	189	279	389
2017/18	198	330	583	336	1112	591	403	402	762	350	308	828	293	205	76	56	200	311	522
% Change	1.0	0.0	22.5	3.4	3.2	-16.4	4.4	42.0	5.5	-11.2	20.3	10.0	5.0	37.6	72.7	-18.8	5.8	11.5	34.2

The Neighbourhood teams working within the above areas have been using an Asset-based community development (ABCD) approach to address issues particularly associated with ASB. This is a methodology for the sustainable development of communities based on their strengths and potentials. It involves assessing the resources, skills, and experience available in a community; organizing the community around issues that move its members into action and then determining and taking appropriate action. This method uses the community's own assets and resources as the basis for development; it empowers the people of the community by encouraging them to utilize what they already possess.

Regular updates to the NIPB detail local initiatives within each of the wards and levels of anti-social behaviour will be monitored on an ongoing basis to understand the impact of this approach.

2.1.5 Demonstrate an effective contribution to protecting young people by implementing initiatives and interventions to improve outcomes in collaboration with partners in relation to:

- **Child sexual exploitation and abuse.**

Status: Achieved

Currently fewer than forty young people are deemed at high risk of sexual exploitation, this number has been decreasing monthly over the last year. Of these young people, 16 are in residential care. PSNI are devising a consistent method of escalating a person who has been identified as potentially posing a risk to a child to one who becomes a 'person of concern'. 'Persons of Concern' are people who appear to be associating with children who repeatedly go missing or are at risk of CSE.

A CSE social worker has been integrated into each of the five PSNI Public Protection Units (PPUs) that are co-terminus with each of the Health & Social Care Trusts. This represents a fundamental change in the approach of social services and police in regards to managing CSE cases. The safeguarding of young persons suspected to be involved in CSE is quicker and multi-agency meeting can be called by either police/social services more effectively. With additional safeguards and supports in place more victims are willing to pursue complaints against perpetrators of child abuse.

CSE officers continue to maintain close working relationships with Residential Home staff and/or the young person's key social worker if they have one to ensure any relevant information is gathered processed and recorded appropriately. Critically CSE officers maintain regular contact with young people identified as being at risk of exploitation and works hard at building a professional relationship with them, providing them with advice on personal safety.

Health & Social Care Board and PSNI have completed a composite audit review report into a number of young people who were at risk of CSE. The report has been independently reviewed for accuracy and is shortly to be presented to the Safeguarding Board for Northern Ireland (SBNI).

A 'CSE Proactivity Triangle' has been developed, piloted and shortly to be adopted that provides officers with a basic structure of how to identify individuals who pose a risk of exploitation to young people. Joint briefings sessions conducted by Public Protection Branch and Intelligence Branch has commenced across the PSNI.

PSNI continues to work with a number of partners, such as Barnardo's, SBNI and representatives of the night-time economy, to raise awareness of CSE.

Child Internet Protection Team has conducted 187 searches and 110 arrests in the 2017-18 in relation to online Child Sexual Exploitation (CSE). An additional 15 searches and 12 arrests were carried out in joint operations with the National Crime Agency (NCA). This is an increased level of activity compared to 2016-17 when a total of 113 searches and 68 arrests were carried out. A further 7 searches and 7 arrests were carried out in a joint operation with An Garda Síochána.

- **Children who go missing.**

Status: Partially Achieved

Most recent indicative figures indicate that over half of all missing person reports refer to children. Of these reports, 70% relate to repeat missing children. Although the number of looked after children only accounts for 22.4% of all missing children, they account for 61.2% of all reports of missing children.

Over the last two years the PSNI and the Health and Social Care Board (HSCB) have undertaken significant work to help improve the identification of those who are particularly vulnerable. This has been done through the setting up of a Joint Working Group involving PSNI and HSCB Directors. Work is underway to develop a new evidence based joint risk assessment process. This is the cornerstone of our new policy and joint working arrangements. Consultation is also ongoing with the Human Rights Commission and the Children's Commissioner on the same subject.

In September 2017 Belfast District begun piloting a Missing Person Support Team, working with the Belfast Trust Children's homes, identifying the most frequent missing persons from these residential homes and engagement work has commenced with the home, the child and the staff to improve communication and education. This has resulted in a significant decrease in the number of children reported missing from residential homes. Reduction in children reported missing from Belfast children's homes by up to 43% in one month (between November and December 2017) and an overall decrease from August to December 2017.

2.1.6 Reduce harm caused by Domestic Abuse.

Status: Partially Achieved

The level of reported domestic abuse, both offences and incidents, has increased compared to 2016-17 and is at its highest level since 2004-05 when recording began.

	Offences			Outcome Rate		
	2016/17	2017/18	Change (%)	2016/17	2017/18	%pt Change
Violence against the person	9993	10529	536 (5.4%)	24.7	22.4	-2.4
Criminal damage	1532	1512	-20 (-1.3%)	35.8	33.1	-2.7
Public order offences	734	729	-5 (-0.7%)	59.0	59.7	0.7
Theft offences	726	722	-4 (-0.6%)	45.6	42.4	-3.2
Sexual offences	584	675	91 (15.6%)	9.4	4.7	-4.7
Miscellaneous crimes against society	211	215	4 (1.9%)	34.6	30.7	-3.9
Theft offences - Burglary	126	141	15 (11.9%)	36.5	36.2	-0.3
Possession of weapons offences	0	20	20 (/0%)	/0	30.0	/0
Robbery	24	17	-7 (-29.2%)	41.7	58.8	17.2
Total Offences	13930	14560	630 (4.5%)	28.5	25.8	-2.6
Incidents	29166	29913	747 (2.6%)			

However, it is believed that domestic abuse still often goes under-reported so we need to both increase understanding of what forms domestic abuse can take but also encourage those experiencing abuse, or their family and friends, to report it and get help. Our aim is to encourage victims of domestic abuse (and those who can positively influence victims) to recognise the signs of domestic abuse, to know that it's wrong and to stop it by speaking out.

The PSNI continues to chair Multi Agency Risk Assessment Conference (MARAC) meetings. Since its province-wide implementation in January 2010, and as of August 2017, there have been 11,670 high risk cases discussed at MARAC (with 15,099 children associated with these households).

The Independent Advisory Group (IAG) on Domestic and Sexual Abuse continues to meet quarterly, informing the police response to domestic abuse. An analytical product highlighting domestic abuse homicides and attempted homicides has been completed which was shared with the IAG members and Dr John Devaney from Queens University Belfast who is exploring potential further research/publication in this area. PSNI are exploring opportunities to engage in further research with universities, whether in identifying patterns relating to domestic abuse and/or evaluating partnership initiatives.

The PSNI received a Platinum Workplace Charter on Domestic Violence Award from Onus NI. Onus NI offers specialist training and consultancy services on the subject of domestic violence to agencies, businesses and organisations. They offer specialist support to assist organisations to develop bespoke workplace strategies to support employees affected by domestic violence.

2.2 People are safe on the roads.

2.2.1 Demonstrate a contribution to reduce:

- **The number of people killed in road collisions.**
- **The number of people seriously injured in road collisions.**
- **The number of children (aged 0-15) killed or seriously injured in road collisions.**
- **The number of young people (aged 16-24) killed or seriously injured in road collisions.**

Status: Achieved

The number of people, including children and young people, killed and seriously injured in road collisions has reduced in 2017-18 compared to 2016-17.

Road Collisions	2016/17	2017/18	Change (%)
Number of People Killed	65	61	-4 (-6.25)
Number of People Seriously Injured	837	750	-87 (-10.4%)
Number of Children Killed or Seriously Injured	85	61	-24 (-28.2%)
Number of Young People Killed or Seriously Injured	228	176	-52 (-22.8%)

Analysis of the breakdown of the causes of accidents shows that the number of collisions caused by speeding, drink driving and careless driving have all reduced in 2017-18 compared to the previous year. Additionally, the number of offences relating to drink/drug driving, speeding, use of mobile phones, failure to wear seatbelts and driving without insurance are also down.

PSNI, in collaboration with other agencies, continue to regularly deliver road safety awareness events such as Roadsafe Roadshows and Bikesafe events, across Northern Ireland.

The PSNI Road Policing Unit, Fire Service and Ambulance Service worked collaboratively at an event for secondary school pupils which used a car crash simulation which was relayed by public address by both a senior police officer and fire officer and displayed on a large screen. The crashed car scenario was recreated by the emergency services and featured two young people injured in the crash. The actors in the simulation were two 17 year olds, one of whom was 'arrested' by police at the scene. As a poignant reminder of the consequences of dangerous driving, the event was closed by a local funeral undertaker arriving at the scene and removing a body bag.

The Close Pass campaign deals with drivers who fail to leave sufficient space when passing cyclists. It involves a plain clothed officer on a bicycle using a small camera, supported by a police motorcyclist. The idea being that where a motorist passes the cyclist in a manner that doesn't allow a safety margin, then the cyclist can radio the vehicle details and direction of travel to his motorcyclist colleague. The driver is then stopped and spoken to about his driving.

Another campaign, See the Cyclist, developed a message and camera log to target cyclists, asking them to wear contrasting or hi-vis clothing and use hi-intensity bicycle lights. The initial thrust of the joint campaign is to educate motorists and cyclists in areas where their behaviour could improve thereby encouraging greater tolerance for each other and promote the equal rights to use the roads.

OVERARCHING THEME 3: REDUCTION IN OFFENDING

The PSNI remains committed to tackling issues linked to serious and organised crime and reducing offending. To reduce the harm caused by drugs OCGs investigations have led to increased drugs seizures and arrests whilst a number of drug awareness campaigns have been run to raise the awareness and risks of drug use. In tackling cybercrime we have collaborated with industry, academia and other public agencies to promote our message of prevent, protect and detect. Proactive multi agency operations are ongoing to detect, disrupt and frustrate OCGs involved in human exploitation and trafficking.

The Joint Agency Task Force (JATF), established under the Fresh Start Agreement comprises representatives from the PSNI, An Garda Síochána (AGS), the Revenue Commissioners, HM Revenue & Customs (HMRC) and other key partner agencies. The JATF continues to strengthen working relationships between the organisations. The PSNI has established a Specialist Paramilitary Investigation Team as a result of Fresh Start funding, who work collectively with National Crime Agency (NCA) and HMRC to tackle the activities of paramilitaries linked OCGs.

3.1 Identify and intervene with priority offenders.

3.1.1 Demonstrate an effective contribution to the integrated management of priority offenders in collaboration with partner agencies, in order to reduce offending.

Status: Achieved

Reducing Offending in Partnership (ROP) manages the top 350 priority offenders throughout Northern Ireland, including young people and adults. Every six months the cohort of priority offender is formally reviewed.

Sixty Statutory and non-statutory organisations are part of Reducing Offending in partnership. Each statutory organisation identifies organisations within the community who can assist in the delivery of the Prevent and Deter and Rehabilitate and Resettlement strands. Stakeholder engagement events have taken place to outline the aims and objectives of ROP. A ROP directory has been produced which provides Area - specific information on the services available. These include Addiction NI, Council for the Homeless NI and Helm Housing; and are being added to as ROP relationships develop.

The Prevent and Deter strand of ROP is aimed at reducing crime and ASB involving young people through early identification and effective intervention strategies. This has now been rolled out across Northern Ireland and ROP partners have identified 143 young persons for the programme. Integral to this process is ensuring Police, Youth Justice Agency, Social Services, Education, and PCSPs identify the right young people for the programme. Multi-agency monthly meetings are held involving all organisations in identified areas across Northern Ireland.

There has been a notable success throughout each area where Prevent and Deter is being delivered with case studies proving that early multi-agency intervention has ensured that young people do not enter the criminal justice system. Finding good

programmes to support and motivate emerging offenders to change their life paths is critical in this process and partners have been seeking to engage with voluntary and private sector partners in developing capacity in this field.

3.2 Tackle serious and organised crime.

3.2.1 Demonstrate an effective contribution to the implementation of initiatives and interventions in collaboration with partners to reduce the harm caused by:

- Organised Crime Groups
- Drugs

Status: Achieved

Action Against Organised Crime Groups					
	2016/17	2017/18	Change	% Change	Change (%)
OCGs Frustrated	45	36	-9	-20	-9 (-20%)
OCGs Disrupted	42	49	7	16.7	7 (16.7%)
OCGs Dismantled	27	14	-13	-48.1	-13 (-48.1%)

The PSNI Organised Crime Unit (OCU) continues to operate as a partner in the Organised Crime Task Force (OCTF), Joint Agency Task Force and the Paramilitary Crime Task Force.

The Cross Border Joint Agency Task Force continues to provide opportunities for and promote real time collaboration between An Garda Siochana (AGS) and the PSNI in their combined efforts to frustrate, disrupt and dismantle the activity of Organised Crime Groups (OCGs) involved in the supply of illicit drugs. Collaboration between the Garda National Drugs and Organised Crime Bureau (GNDOCB) and PSNI's OCU continues with almost daily contact between the two with real time intelligence sharing, co-ordination of investigative support and joint investigations domestically and internationally. As well as restricting the supply of illicit drugs this work has been critical to preventing the acts of violence and intimidation that characterise the struggle between competing OCGs.

In addition to our combined enforcement activity there has also been joint work over the reporting period on shared harm reduction initiatives such as the 'Think before you buy scheme'. Initially a regional AGS initiative the scheme was adopted by the PSNI and Northern Ireland Department of Justice (DoJ) after being identified as best practice. The Paramilitary Crime Task Force is now co-located and has delivered a number of significant policing operations during the reporting period.

	2016/17	2017/18	Change (%)
Drug seizure incidents	5546	6872	1326 (23.9%)
Incidents classified as cannabis farms	39	22	-17 (-43.6%)
Drug-related arrests	2702	3121	419 (15.5%)

The OCTF Drugs Sub Group now incorporates representatives from the Public Health Agency (PHA) and the Coroner's Office to ensure a fully co-ordinated response to the issues of drug and alcohol misuse. RAPID (Remove All Prescription and Illegal Drugs) is a joint health and community safety focussed initiative which facilitates the disposal and removal of all types of prescribed, illegal and illicit drugs at community level. In essence the scheme involves the installation of drugs bins in key community locations throughout Northern Ireland alongside a package of community education and support in relation to raising awareness of the dangers and risks associated with of drug use/misuse and drug dealing, both at individual and societal level, and the benefits of having and promoting the use of the drug disposal bin within that locality as a means of reducing such dangers and risks ultimately creating safer communities and saving lives.

- **Cyber dependent, enabled and facilitated crime**

Status: Achieved

There remains a significant under-reporting in relation to cyber offences suffered by local business and individuals. During a recent nationally coordinated investigation aimed at identifying potential local victims through details obtained from a foreign jurisdiction, 75% of the Northern Ireland companies visited were found to knowingly have been victims of Cyber Crime but had declined to report the crime.

As previously reported, data in relation to cyber offences is recorded by Action Fraud on behalf of the PSNI and is reported every six months. The latest figures covering the period from April-September 2017 indicate that 152 cyber dependent crimes were reported. Northern Ireland represented 1.4% of the national volume of cyber dependent crime. There has been a noticeable increase in locally reported 'cyber motivated' incidents which encompasses Cyber Dependant, Cyber Enabled and Internet Facilitated incidents, 2753 being reported since 1st May 2017.

During this current reporting period, the Cyber Crime Centre (CCC) have conducted or supported 199 reported incidents, commencing 41 Crime Ops owned investigations within this time frame. PSNI continues to have success in tackling online criminality, for example one defendant received a sentence of 11 years related to the purchase of a firearm by way of the darknet. PSNI continues to develop its technical capability and have had success in decryption of devices and access to mobile devices, previously inaccessible to Law Enforcement. CCC has recently taken delivery of the first of two mobile laboratories that place Northern Ireland at the cutting edge of live data forensics.

The response to Cyber Crime has remained focused on the roll out of the National Cyber Protect campaign at a regional level through multi-agency collaboration. This multi-agency approach has involved the development of existing relationships with local industry and business groups, Police Community Safety Partnerships (PCSPs), Government departments and National agencies and the development of a 'Protect' role within the PSNI CCC to work with the National Police Chiefs Council Cyber Protect Team.

PSNI support the Get Safe Online project to promote additional events / Cyber Crime awareness and continues to develop its footprint around the 'Prevent' strand of the campaign which assists business with Cyber Crime Prevention measures. The Get Safe Online events give members of the public an opportunity to approach subject matter experts and improve their own knowledge, or merely to interact with Police to gain reassurance in a complicated and often bewildering aspect of modern life.

- **Human exploitation and trafficking**

Status: Achieved

During the 2017-18 financial year the PSNI Modern Slavery & Human Trafficking Unit (MSHTU) has conducted 173 screening assessments. From these 36 potential victims of human trafficking were rescued in Northern Ireland and referred to the National Referral Mechanism (NRM). The 36 recovered victims are 17 males and 19 females. 14 relate to Sexual Exploitation and 20 from Labour exploitation and 2 relate to non-specific exploitation. In the financial year 2017-18 the MSHTU have conducted 22 searches under warrant along with 59 further safeguarding operations. 8 arrests have been made for modern slavery/human trafficking and /or related offences. 6 people have been charged with modern slavery/human trafficking and /or related offences. 2 have been sentenced and a further 2 are currently on remand and 2 are on High Court Bail. Two persons reported to the Public Prosecution Service (PPS) for modern slavery/human trafficking and /or related offences.

PSNI ran a NRM workshop in February 2018 in Belfast for all statutory agencies' first responders to improve the quality of victim identification and the completion of the NRM form and process. MSHTU are assisted by the Department of Justice (DoJ) and their contracted Non-Government Organisations to provide the bespoke care and support needed for the victims that were rescued.

3.3 Tackle paramilitarism.

3.3.1 Demonstrate an effective contribution to the implementation of the Executive Action Plan and to the Joint Agency Task Force (JATF).

3.3.2 Demonstrate an effective contribution to the elimination of paramilitarism in Northern Ireland in collaboration with partner agencies, local communities and PCSPs through co-design of programmes and interventions.

Status: Achieved

Regular meetings have been taking place and documented between senior investigating officers in both police services and partner agencies to tackle the six strands of criminal activity connected to the JATF.

Meetings in early 2017-18 centred on the new AGS Coordinating Tasking Unit (CTU) in Ballyconnell and its coordination with the PSNI CTU in Banbridge of day to day operational activity in relation to cross-border crime.

It was agreed at the Strategic Oversight Group that CSE crime would be replaced by Immigration Crime as one of the strands of the JATF.

On 31 August 2017 the Strategic Oversight Committee met at PSNI HQ where the JATF was discussed and actions agreed in relation to the structure and strategic goals. This was followed by the Operations Coordination Group meeting in Enniskillen on 15 September 2017 involving all the operational leads. On 29 September 2017 a further meeting was held in AGS CTU in Ballyconnell with the PSNI to discuss aspects of the action plan and how these goals could be achieved.

A reporting structure for the Joint Agency Task Force has been put in place and is being implemented for the next twelve months. It has been jointly agreed how the analytical product will drive the strategic assessment in relation to cross border crime. The definition of Cross Border crime has also been agreed with the joint leads. This work has led to enhanced engagement and increased coordination regarding cross border organised crime operations.

The PSNI has established a Tackling Paramilitaries Programme Board to deliver optimum progress against the Tackling Paramilitary Activity, Criminality and Organised Crime Executive Action Plan objectives which relate to them. The Programme board met for the first time on the 1 June 2017.

The Paramilitary Crime Task Force, which comprises PSNI, NCA and HMRC, emerged from the Executive Action Plan for Tackling Paramilitarism. The Task Force has developed incrementally during the financial year 2016-17 and to date this year. During 2017-18 financial year the Paramilitary Crime Task Force has conducted 193 searches; made 47 arrests of which 44 people were charged or reported to the PPS, seized an estimated £58,000 worth of drugs, restrained £50,000 worth of cash, seized four vehicles, conducted 26 checks of licensed premises, obtained Freezing Orders worth £150,000 and seizures of illicit tobacco products has prevented the loss of £1,237,462 in revenue.

OVERARCHING THEME 4: MORE EFFICIENT AND EFFECTIVE DELIVERY OF JUSTICE

To foster an efficient criminal justice system the PSNI and the Public Prosecution Service (PPS) established the Working Together Project to improve the quality and timeliness of summary files submitted to the PPS. This project has now moved onto phase two taking forward the benefits identified in phase one.

Review and investigative work is being conducted in relation to a number of legacy enquiries.

4.1 Achieve an effective partnership with the Public Prosecution Service and wider criminal justice agencies to deliver more positive outcomes for victims.

4.1.1 Demonstrate an effective contribution towards the improvement of collaborative working PSNI and the PPS to improve efficiency and effectiveness.

Status: Achieved

The Working Together Project has implemented jointly agreed evidential standards service wide for common summary offences. It has also delivered a number of technical updates to assist with file preparation and review, for example, the introduction of revised case file forms and statement ordering technology. As part of a proof of concept within Belfast District, the Working Together Project has introduced jointly agreed file build specifications which streamline no prosecution file builds and a Police Decision Maker role to advise on disposal decisions and make assessments in relation to anticipated pleas.

As a result of the Working Together proof of concept early indications show that file quality has improved resulting in fewer Decision Information Requests. There is a high degree of agreement between PSNI recommendations and PPS decision which means that officers are completing the correct file build and reducing the amount of rework required. This is particularly evident for no prosecution files. File timeliness has also increased.

Phase 2 commenced on 16 January 2018. During this phase officers submit a proportionate file build dependent on anticipated plea at court. For 28 day charge files, file have been submitted earlier to PPS (81% have been submitted within 12 days) to allow service of documents to defence solicitors prior to first court appearance. At present, an insufficient number of cases have concluded to provide enough data for evaluation; however the indicators are that there has been an increase in the number of cases pleading guilty at first appearance and a reduction in the number of court appearances. Phase 2 has been extended until the end of August 2018.

The Indictable Case Process (ICP) was initiated on 2 May 2017 with the objective of reducing delay within Crown Court cases for a set range of offences (all drugs offences, Section 18 and section 20 assaults, attempted murder, and conveying a 'List

A' Article into prison). The key to this process is engagement with PPS at each stage of the investigation to assist and focus on specific evidence gathering and appropriate charging. This process results in a more proportionate, graduated file build reducing unnecessary work and removing avoidable delay.

A working group between PSNI, PPS and others, chaired by DoJ meets regularly in order to work towards achieving efficiencies. PSNI and PPS have created improved methods of communicating, by increasing case conferences for these offences, allowing earlier feedback and review in these cases.

An Operational Efficiency Group with both PSNI and PPS representatives has been established to improve operational delivery of Criminal Justice projects and deal with arising issues affecting both organisations.

4.1.2 Demonstrate an effective contribution delivering more positive outcomes for victims in collaboration with wider criminal justice agencies, including evidencing progress made with legacy cases.

Status: Partially Achieved

Both the Working Together and Indictable Cases Process projects aim to streamline the criminal justice process to improve the timeliness and robustness of criminal cases going to court. This will reduce the amount of time victims are waiting for cases to come to court and improve the quality of evidence presented.

On 5 February 2018 the Youth Justice Agency implemented a new resolution for young people who have been assessed by a Youth Diversionary Officer as being suitable for a Community Resolution. This resolution will apply to those offences where alcohol or drugs are an aggravating factor and the resolution will be a requirement to attend a drug and alcohol referral scheme managed by the YJA apply across Northern Ireland. This is a positive step in seeking to reduce reoffending and protect the interests and health of the young person and their family by making them more aware of the dangers and impact alcohol and drug misuse can have. On-going enquiries are being progressed to seek to establish a similar programme for adult offenders across Northern Ireland potentially delivered by the Probation Board, but will be dependent on funding.

The Legacy Investigation Branch are currently reviewing and investigating 25 homicide incidents. A number of these incidents involve the death of more than one person.

The Review Team is working on seven reviews from the Case Sequencing Model. One case relates to a Director of Public Prosecutions (DPP) Section 35/5 referral. During the reporting period there have been three additional DPP Section 35/5 referrals and one direct referral from the Attorney General (NI) requesting further investigative action in specific historic cases. Contact is ongoing with legal professionals, victims groups, government departments and the general public.

Incidents linked to 34 'On The Run' nominals are currently being assessed. The reviews of incidents linked to 18 nominals have been completed. Incidents linked to 16 nominals are under assessment.

A member of Forensic Services staff is permanently allocated to Legacy Investigations and solely works on legacy cases; they maintain weekly contact to assist with progress. Databases have been established to enable the progress of forensic submissions to be monitored. Additionally, databases to track the progress of Reviews and the On the Runs enquiry have been implemented. These databases enable progress to be monitored consistently and blockages to be identified and resolved. Identified contact points have been established within PSNI forensic services (Fingerprints, Photography, etc) and within Intelligence Branch to ensure that Legacy cases can be appropriately sequenced and progressed.

Reports have been submitted to the Public Prosecution Service in relation to the events of Bloody Sunday and the murder of Patrick Finucane.

OVERARCHING THEME 5: MORE EFFICIENT AND EFFECTIVE POLICING

The PSNI is committed to working to optimise the resources we have to meet changing and increasing demands, whilst operating under the challenge of a continually reducing budget.

The PSNI was judged “Good” by HMICFRS under the Efficiency pillar of PEEL in 2017.

The implementation of a wellbeing strategy was a key priority for 2017-18 with wellbeing and engagement activities are taking place locally and centrally. This is supported by a dedicated Wellbeing Hub accessible to all personnel. One particular challenge during financial year has been the abstraction rates for Police Officers and Staff. Workshops on attendance and wellbeing have been delivered through Emerging Leaders’ sessions and within Departments to ensure that Line Managers are aware of the impact of sickness (organisationally and locally) and are clear of their responsibility in managing sickness and duty restrictions.

5.1 An efficient and effective police service

5.1.1 A comprehensive assessment and understanding of both current and future demand for services, matching resources to meet the needs of the public and protective frontline services.

Status: Achieved

A comprehensive assessment of demand has been carried out. Analysts and Service Leads were tasked to collate data in respect of demand, including reactive and proactive demand as well as taking into account hidden demand less likely to be reported. The data was analysed to determine the levels of current and future demand and to identify patterns and trend. This is supported by the Service TCG processes and the production of the strategic assessment to determine strategic priorities. Current and future demand was assessed under the following headings:

- Responding to the public
- Prevention and deterrence
- Investigations
- Protecting vulnerable people
- Monitoring dangerous and repeat offenders
- Disrupting serious and organised crime
- Responding to major events
- Northern Ireland Related Terrorism
- Legacy

This assessment and understanding of demand has been used to inform the planning processes, the work of the Corporate Development Team and the Priority Based Resourcing Programme Board matching resources to the areas of increasing demand.

5.1.2 A sustainable plan for its future workforce that is aligned with its overall demand and budget. The plan should include future resource allocations and the mix of skills required by the workforce.

Status: Partially Achieved

HR prepare scenario plans on a regular basis, in close liaison with Finance, to assist in determining affordable staffing levels and the optimum staffing mix against forecasted wastage levels and to determine police and staff recruitment and promotion plans. The optimum staffing mix to remain within available budget for 2017-18 will see a reduction of police officer numbers to 6,711 and an increase in police staff to 2,400.

PSNI are engaged in a Priority Based Resourcing (PBR) project with the aim of ensuring the most efficient use of staffing and other resources to meet measured demand. A PBR Programme Board chaired by the Deputy Chief Constable meets on a monthly basis to determine achievable outcomes from the PBR process to determine the most effective staffing mix and to drive forward delivery through the Resourcing Delivery Group (RDG). The development of an affordable Human Resource Distribution Plan (HRDP) to distribute the 6,711 police officers and 2,400 police staff is one of the main goals of this process. The distribution and skills mix is being realigned to ensure the most efficient and effective distribution against demand.

5.1.3 Development of clear and realistic plans for achieving the likely savings required beyond 2017-18.

Status: Achieved

Each year the Finance Department prepares a Medium Term Resource Plan (MTRP) as a result of the Integrated Planning (IP) process which is based on a rolling 3 year period to consider the medium term financial position and impacts on service delivery. The MTRP is based on key planning assumptions based on consultations with Department of Justice (DoJ) on likely budget settlement scenarios. On 8 March 2018, the Secretary of State laid a Written ministerial Statement on Northern Ireland Finances. Subsequently, the Department of Justice issued budget allocations to PSNI for 2018-19. For PSNI, the budget allocation results in a 1.5% (£9.8m) reduction. This reduction is on the 2017-18 opening budget and before any contribution to Legacy costs. PSNI Service Executive Board had previously considered initial allocation of resources against an illustrative budget; therefore this was used as the basis to allocate the final budget against strategic priorities. The final budget allocation with associated impacts is contained in the Resource Plan issued to NIPB at the end of March 2018.

In preparation of the MTRP for 2018-19 and beyond, Finance commenced the Integrated Planning process in September 2017. Business Areas reviewed their resource requirements over a 2 year period and considered efficiencies including Priority Based Resourcing (PBR) proposals, future/emerging pressures and budget reduction scenarios and the likely impact on service delivery. Payroll costs were costed using scenarios from the HR Distribution Plan together with the support services contract.

Business Areas submitted their bids and Finance held challenge sessions with all departments and support branches in October 2017. Draft Integrated Planning papers and financial summaries were prepared along with high level impact statements on potential non pay budgets for 18-19. These papers were considered by Finance Delivery Group in November 2017 who considered the resource requirement and options to close the likely funding gap. Senior operational representatives from each Business Area attended the Finance Delivery Group to ensure that the allocation of resources has a strong operational focus. Papers have been submitted to ServiceFirst Board to consider the action required to allocate resources to meet strategic priorities to enable recommendations to be submitted for NIPB approval by March 2018.

Monthly Financial reports are prepared and reviewed by Service Executive Team. Copies of these financial reports are shared with the NIPB and the DoJ on a monthly basis. The DoJ further review and analyse our financial performance against budget. In-Year expenditure and forecasting is monitored on a monthly basis and submitted to the DoJ; this will assist planning for future years.

5.1.4 Implement a Wellbeing Strategy that focuses on the wellbeing and personal resilience of officers and staff. This will include raising awareness internally, following best practice and focusing on innovative and effective initiatives to support staff.

Status: Achieved

The PSNI has a Wellbeing Strategy which takes account of national guidance, including the College of Policing Blue Light Wellbeing Charter. It therefore reflects national best practice in policing.

Awareness of the Wellbeing Strategy has been raised internally through a comprehensive dedicated wellbeing CallSign article. The strategy and delivery plan has also been discussed at a number of Attendance Management workshops that have been delivered to first line supervisors. Additionally, an Employee Engagement and Wellbeing Working Group has been established. This group is representative of all Departments across PSNI, and includes representation from Staff Associations.

Wellbeing and Engagement initiatives are driven both locally and centrally. Locally there are a number of Wellbeing Groups who arrange a number of events and initiatives for their members. From a Central perspective the Attendance, Wellbeing and Diversity Team have a range of Key Responsibilities, including the development and implementation of a Wellbeing Ambassador programme (ongoing), sign up to the national Blue Light Wellbeing Charter, and the Wellbeing Toolkit.

There is a dedicated Wellbeing Hub accessible to personnel which contains a significant amount of information relating to Wellbeing as well as upcoming events and key dates. The appointment of the Wellbeing Coordinator will see further enhancement made to both communication and coordination of activities.

There is collaboration between HSCT professionals, and PSNI's Occupational Health and Wellbeing (OHW) personnel. This collaborative approach will seek to develop opportunities, ensuring that officers and staff get access to supportive interventions that both prevent periods of absence due to ill-health, and/or seeking to minimise the duration of the absence. Additionally a number of wellbeing engagements have been

progressed with other Blue Light organisations, including NI Ambulance Service and NIFRS. These relationships will continue to develop and will allow for good practice to be shared.

5.1.5 Evidence an increase in the number in the number of officers and staff available for full duties by implementing a strategy to reduce sickness and restricted duties.

Status: Not Achieved

In 2017-18 there was an average daily abstraction rate of 5.93% for Police Officers and 5.12% for Police Staff. This equates to 94.1% of Police Officers and 94.9% of Police Staff being available for duty on an average day. This represents a decrease compared to 2016-17 when 94.7% of Police Officers and 95.6% of Police staff were available for duty on an average day.

For the 2017-18 financial year there were 13.4 Average Working Days Lost (AWDL) for Police Officers and 11.24 for Police Staff. This is higher than the target of 11.20 and 9.75 respectively.

A range of actions have commenced to achieve an increase in the number of officers and staff available for full duties. There is a greater focus on the management of sickness absence, as well as deployment of duty restrictions, both locally, within HR and within OHW.

Whilst further work is required, and will continue in the months ahead, there is an emphasis on ensuring that Line Managers understand their responsibilities, are supported in the management of sickness process and duty restrictions, and are challenged for non-compliance with procedures or standards. This allows for better informed decisions in respect both management of sickness and the extent to which restrictions can be facilitated. Workshops on Attendance and Wellbeing continue to be delivered through Emerging Leaders' sessions and an e-Learning Module on Attendance Management has been updated for completion by personnel.

Work continues through Central Attendance Management Group, and engagement with local Senior Managers to review current duty restrictions and ensure effective and robust mechanisms are in place to ensure appropriate management and deployment of this resource pool. Collaborative work continues with OHW to ensure that requests for adjustments are processed consistently, and that the requirements of duty restricted personnel are balanced against the needs of the service.

Collaborative working between HR and Occupational Health & Welfare (OHW) personnel has been enhanced with improvements made to information sharing of sickness and duty restriction data.

Police and Criminal Evidence (PACE) Order

Police and Criminal Evidence (PACE) Order statistics for Northern Ireland are collated and produced by statisticians seconded to the Police Service of Northern Ireland (PSNI) from the Northern Ireland and Statistics Research Agency (NISRA).

This bulletin presents Police and Criminal Evidence Order (PACE) statistics for the Police Service of Northern Ireland for the period 1 April 2017 to 31 March 2018, as required by statute. Reported are statistics on

- i) the number of persons and vehicles stopped and searched under PACE by objective of search and the number of subsequent arrests.
- ii) the number of Article 6 (PACE) road checks authorised and the reason for these.
- iii) persons detained under PACE.

PACE detention statistics are based on a count of detainees' custody numbers in each custody suite and relate to the period of original detention only.

Table 1: Number of persons and vehicles stopped and searched under the Police and Criminal Evidence (PACE) Order between 1 April 2017 and 31 March 2018

		Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total
Stolen Property / Articles	Searches	264	213	222	257	186	192	226	314	285	235	222	179	2,795
	Arrests ¹	42	34	23	48	39	25	38	61	42	38	42	28	460
Offensive Weapon / Blade or Point	Searches	80	98	105	102	91	105	99	64	77	92	88	58	1,059
	Arrests ¹	28	33	35	26	32	25	21	23	27	25	29	19	323
Going Equipped / Prohibited Articles	Searches	125	129	121	114	102	98	156	124	92	124	91	103	1,379
	Arrests ¹	17	13	21	14	11	21	22	21	18	20	14	11	203
Fireworks	Searches	0	0	1	0	10	35	260	19	1	4	4	2	336
	Arrests ¹	0	0	1	0	0	0	2	0	0	0	0	0	3
Total	Searches	469	440	449	473	389	430	741	521	455	455	405	342	5,569
	Arrests ¹	87	80	80	88	82	71	83	105	87	83	85	58	989

¹ Arrests as a result of search. Arrest may not be related to the initial reason for the stop and search.

Police and Criminal Evidence (PACE) Order – Article 6 Road Checks

There were 21 road checks authorised in 2017-18, all of which were for the purpose of ascertaining whether a vehicle was carrying a witness to an indictable offence.

Police and Criminal Evidence (PACE) Order- Detention Statistics

Table 2: Arrests under PACE by gender and whether requests for friends / relatives or a solicitor were made, for each quarter during 2017/18

	Arrests under PACE ¹			Of which there was a request for	
	Total ²	Gender		Friend / relative etc.	Solicitor
		Male	Female		
April 17 – June 17	5,503	4,611	890	1,451	3,334
July 17 – September 17	5,657	4,838	816	1,539	3,491
October 17 – December 17	5,770	4,868	900	1,708	3,525
January 18 – March 18	5,370	4,499	865	1,568	3,484
Total	22,300	18,816	3,471	6,266	13,834

¹ Arrest figures are based on a count of detainees' custody numbers and relate to the period of original detention only.

² 13 transgender persons are included in 'Total'.

Extended Detention: During 2017-18 there were 38 persons who were detained in police custody for more than 24 hours and released without charge.

Magistrate's Warrants: There were 25 applications to Magistrates Courts for warrants of further detention in 2017-18. Four of these applications were for 24 hours or less, 3 were for between 25 and 35 hours and the other 18 were for a period of 36 hours. Of the 25 applications to Magistrates Courts for warrants of further detention, 2 of these were for a second warrant of further detention. Of the 23 persons subject to a warrant of further detention, 9 spent less than 24 hours under its authority, while 12 spent between 24 hours and 36 hours and the remaining 2 people were detained over 36 hours under the authority of these warrants. A total of 14 persons were subsequently charged.

Intimate Searches: There were no intimate searches recorded during 2017-18.

X-rays & ultrasound scans: During 2017-18 two x-rays were carried out (negative results). No ultrasounds were recorded.

The total cost of policing

The total non ring fenced Resource DEL budget allocation (excluding costs of the Police Pension Scheme and AME impairments) available for 2017-18 was £691.3m. The non ring fenced DEL expenditure against this budget during the financial year was £691.1m, resulting in a reported underspend of £0.2m. This is less than 0.1% of total non ring fenced Resource DEL budget. Ringfenced spend on depreciation and impairments was £34.4m for the year.

The total Annually Managed Expenditure (AME) 2017-18 budget allocation (including Pension Scheme, AME impairments, Release and Movements in Provisions) was £308.9, the AME expenditure against this budget during the year was £301.5m, resulting in an overall underspend of £7.4m.

This gives a total resource spend of £1,027.0m. The costs of Pensions are reported separately through the PSNI Pension Scheme Accounts and do not form part of the Statement of Comprehensive Expenditure in these Financial Statements.

The Capital spend for the year was £28.7m against a budget of £29.0m. Details of Non-Current Asset movements are detailed in the notes to the financial statements.

Payment of suppliers

The PSNI's policy is to pay bills from all suppliers within 10 working days following receipt of a properly rendered invoice or in accordance with contractual conditions, whichever is the earlier.

During the 2017-18 financial year, average overall performance showed 91.5% (94.1% 2016-17) of all invoices were paid within 10 days. In the 2017-18 financial year 98.7% of invoices were paid within the government prompt payment target of 30 days (99.0% 2016-17).

Long Term Expenditure Trends

The chart below show details of PSNI budget and expenditure patterns across the period 2013-14 to 2017-18;

Chart 1: Resource Del Budget v Expenditure 2013-14 to 2017-18

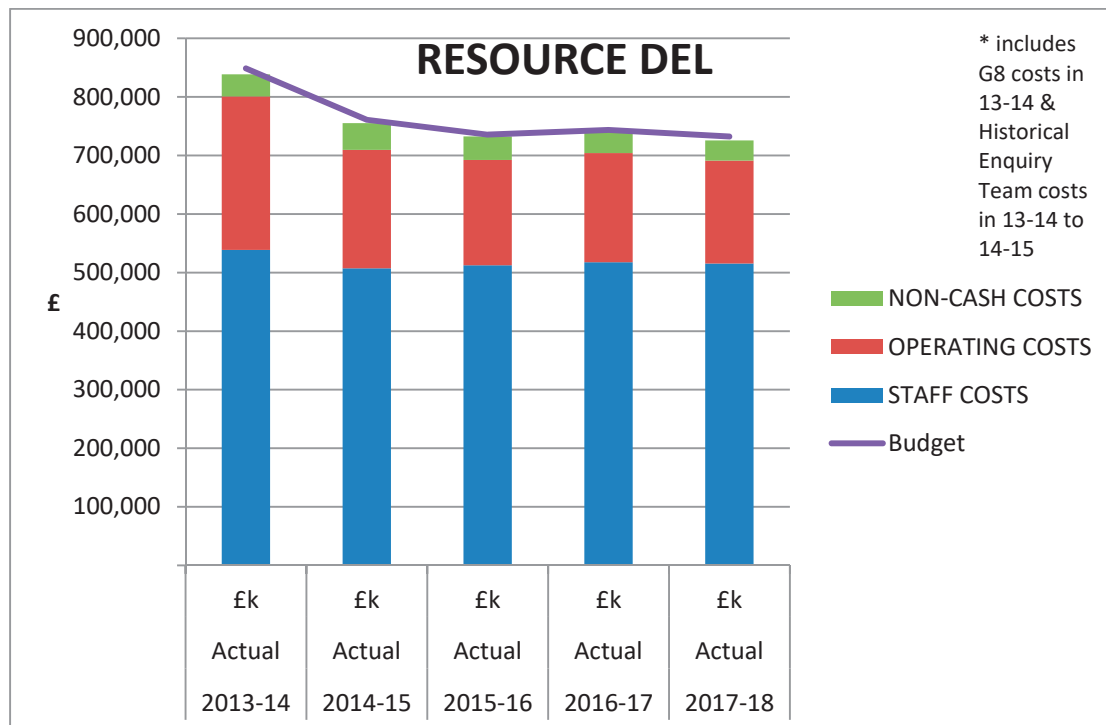


Chart 1 above shows the final budget allocation for each of the years 2013-14 to 2017-18.

Budgets for the 2013-14 and 2014-15 years were set as part of the four year Budget 2011-15 period, with efficiency savings of £135.2m required across the period.

During this period PSNI received one off funding to cover the costs of policing the G8 conference in 2013-14 of £42.8m.

During 2014-15 and 2015-16, in-year budget cuts (£42m 2014-15, £26.2m 2015-16) were imposed on the Service, often late in the financial year which were difficult to implement in a Service as dynamic as Policing. The 2016-17 includes additional funding of £5.6m received for PSNI voluntary exit leavers.

The 2017-18 year saw a net 3% reduction (£20m) on the PSNI's opening 2016-17 budget, with £3.0m provided by DOJ to fund legacy items. Further budget allocations were also made during the financial year.

2018-19 Financial year

PSNI has received a budget from DOJ for the 2018-19 financial year on the basis of a net reduction of 1.5% or £9.8m, excluding legacy funding. PSNI is at the point where absorbing budget cuts impacts directly on police officer numbers. Our current operating base is around 6,700 officers and to achieve the required cut we will have to reduce this figure further to 6,605 by 31 March 2019, with likely reductions in future years. Significant cuts are also required within almost all non-pay costs, limiting funds available for development of new ways of working.

Environmental matters

Sustainability

The Police Service of Northern Ireland is committed to 'Keeping People Safe' whilst delivering continuous environmental improvement. The [Sustainability Strategy](#) helps the organisation play a responsible role in the community by reducing environmental impacts and costs as we deliver a world class policing service.

The PSNI Sustainability Delivery Group (SDG) jointly chaired by the Director of Finance and Support Services and ACC Operational Support works to identify and manage environmental issues in a way that supports our business objectives and reduces our environmental impacts and financial pressures.

Every organisation has an impact on its environment and the PSNI Environmental Policy developed this year sets out our commitments. The PSNI will be compliant with environmental legislation as a minimum level of performance but also monitors the principles and responsibilities of sustainable development and environmental management and aims to incorporate them into day-to-day business activities.

The PSNI recognises that its operations have an environmental impact and is committed to minimising any negative impacts and developing any positive impacts.

The most significant environmental aspects for the PSNI include the:

- Consumption of fuels and energy and their associated CO₂ emissions;
- Consumption of product and raw materials;
- Consumption of water;
- Generation and management of a variety of waste streams.

Over the year, the total energy consumption of the Estate has increased by 2.3% and a decrease in energy efficiency (kWh/m²) by 2.6%. Carbon Dioxide levels are down by 10%, due to a decrease in the kg/CO₂ conversion factor for electricity. Water has shown a continual decrease for the last three years.

Overview of PSNI environmental performance against target:

	2017-2018	2016-2017	% Change	Government target
Total Utility Energy Consumption	87.56 GWh	85.61 GWh	Up 2.3% on last year	n/a
Energy Efficiency per square metre	277 kWh/m ²	271 kWh/m ²	Up 2.6% on last year. Down 23% on 99/00 base year.	15% Reduction by 2020. Achieved 2010
Carbon Dioxide Emissions	25,836 tCO ₂	28,448 tCO ₂	Down 10% on last year. Down 23% on 99/00 base year	30% reduction on 99/00 levels by 2020. On track.
Renewable Energy procured	0%	0%	Electricity procured without any green electricity due to additional premium on green electricity.	Min of 20% renewable by 2015. 40% by 2020.
Water Consumption	92,708 m ³	98,667 m ³	Water consumption reduced by 2.3% due to continual monitoring of consumption.	25% reduction on 2004 levels by 2020. Achieved.

Partners

The Police Service of Northern Ireland is a member of the Department of Justice Sustainability Group and works with a range of governmental and non-governmental partners to enhance our sustainability and improve our initiatives including the Belfast City Council and Belfast Harbour.

Social and community issues

The tradition of generous charitable giving by officers and staff of the Police Service has continued, with £209k donated through Public Sector Payroll Giving in 2017-18.

Human Rights

The Human rights Act is fundamental in how we police. Key articles include Article 2, in which we have a duty to take reasonable steps to protect an individual's life and Article 8 in which we have a duty to take appropriate steps to ensure respect for private and family life. The Police Act also includes accountability mechanisms including the NIPB which has a statutory duty to monitor our performance in compliance with the Human Rights Act 1998.

Anti Corruption

PSNI has a dedicated Anti Corruption Unit. The purpose of this unit is to support the PSNI's commitment to honesty and integrity and to prevent dishonest, unethical and unprofessional behaviour by ensuring that the police officers and staff who serve our community on a daily basis reflect these values of honesty and integrity. PSNI also has an Anti-Fraud and Whistle Blowing Policy to support the reporting and investigation of any instances of fraud, bribery or departures from the PSNI code. In addition, a new Professional Standards Governance Board has been established to provide greater oversight.



**George Hamilton
Chief Constable
Police Service of Northern Ireland
22 June 2018**

ACCOUNTABILITY REPORT

CHIEF CONSTABLE'S REPORT

The purpose of the Chief Constables Report is to explain the composition and organisation of the PSNI and how these arrangements have supported the achievement of its objectives during 2017-18.

Members of the Service Executive Board (SEB)

Members of the Senior Executive Board that served throughout the 2017-18 year were as follows:

Chief Constable

George Hamilton

Deputy Chief Constable

Drew Harris

Assistant Chief Constable Legacy and Justice

Mark Hamilton

T/Assistant Chief Constable Legacy and Justice

Stephen Cargin¹

Assistant Chief Constable Crime Operations

Stephen Martin

Assistant Chief Constable District Policing

Alan Todd

T/Assistant Chief Constable Operational Support

Barbara Gray

T/Director of Finance & Support Services and Human Resources

Mark McNaughten

Head of Human Resources

Jude Helliker²

Head of Corporate Communications

Liz Young³

Non-Executive Member

Dennis Licence⁴

Stephen Hodgkinson

Further details are provided in the Remuneration and Staff Report section on page 65.

1. Assistant Chief Constable Mark Hamilton availed of an extended period of leave from 27 February 2017 until 23 April 2017. During his absence Chief Superintendent Stephen Cargin undertook the role of Acting ACC Legacy and Justice Department.
2. Mrs Jude Helliker Head of HR resigned from her post on the 11 June 2017.
3. Mrs Liz Young tendered her resignation and her last day of service will be the 30 June 2018.
4. Mr Dennis Licence left his post as Non-Executive Member and Chair of the Audit and Risk Assurance Committee on the 30 June 2017, Mr Stephen Hodgkinson took up the post from 1 July 2017.

Corporate Governance

Corporate Governance within PSNI operated through a formal structure of Corporate Governance Committees and Programme Boards. The PSNI currently has four key Governance Committees:

- Service Executive Board
- ServiceFirst Board
- Audit and Risk Assurance Committee
- Culture, Ethics and Diversity Board

The Service Executive Board (SEB) sets the tone and direction of the organisation. SEB, chaired by the Chief Constable is the final decision making forum for the organisation.

The Service First Board aims to support and advance the tone and direction set for the Police Service by the Service Executive Board, by agreeing the extent of resource to be aligned to Strategic Priorities thereby enabling delivery of the Chief Constable's purpose of Keeping People Safe.

The role of the Audit and Risk Assurance Committee is to advise the Chief Constable on the adequacy of internal control arrangements including risk management, information assurance and governance. This committee consists of four Non-Executive Members, one as Chair, with members of the SEB, Internal and External Audit, the Policing Board and the Department of Justice in regular attendance.

Company directorships

Members of SEB held no company directorships or other significant interests which conflict with their management responsibilities.

Non-current assets

Details of the movement in non-current assets are set out in notes 6 and 7 to the Accounts. There are no significant differences between the market values and book values of land and buildings to be disclosed. Details of the PSNI Estate Strategy can be found at <https://www.nipolicingboard.org.uk/estate-strategy>

Research and development

PSNI has no activities in the defined field of research and development.

Charitable donations

PSNI made three charitable donations during the year. PSNI paid £10,000 to the National Arboretum, £5,000 to the Royal Humane Society and £2,000 to the Care of Police Survivors.

Personal data related incidents

PSNI self-referred two incidents for consideration to the Information Commissioner's Office ('ICO'). Both incidents related to matters which PSNI has referred for investigation to the Office of the Police Ombudsman. Whilst PSNI have provided information to the ICO on these matters, the outcome of the Ombudsman's investigation is awaited. PSNI further sought advice from the ICO in relation to a case which was referred to the Public Prosecution Service. In the course of this case, the ICO sought further information on PSNI's role in the matter. Clarification was provided in relation to PSNI's role and safeguards in place by PSNI to protect personal information. PSNI were deemed not to be the data controller and no enforcement action was taken against PSNI.

Pension liabilities

The pension liabilities of Police Officers are accounted for separately in the PSNI Police Pension Accounts. Pension benefits and liabilities for Police Staff are provided through the Principal Civil Service Pension Scheme (NI). See further details in the Remuneration and Staff Report on page 65.

Audit services

The Financial Statements for 2017-18 are audited by the Comptroller and Auditor General for Northern Ireland (C&AG), who heads the Northern Ireland Audit Office and is appointed by statute and reports to Northern Ireland Assembly. His certificate and report is produced at pages 83 to 85.

So far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information. The audit fee for the work performed by the staff of the C&AG during the reporting period, and which relates solely to the audit of the Financial Statements was £81,500 (2016-17 £79,000). This includes the audit fees in respect of the Main Police Account including the Police Fund and Police Property Fund £65,000 (£64,000 2016-17), and the Police Pension Scheme Accounts £16,500 (£15,000 2016-17).

The C&AG may also undertake other statutory activities that are not related to the audit of the body's Financial Statements such as Value for Money reports.

A VFM report was published on avoidable delay in the criminal justice system in Northern Ireland. There is also a review on-going of digital transformation across the Northern Ireland Public Sector. As part of this review information has been sought from PSNI regarding the recent introduction of the on-line application process for firearms licensing. This report is due for publication in September 2018.

The Accounts of the PSNI for 2017-18 are required to be audited by the C&AG. The Department of Justice will lay the accounts on behalf of the C&AG.

Chief Constable's Annual Report

A full certified copy of the Annual Report and Accounts will be available on the PSNI's website (www.psni.police.uk)

Police Pension Scheme Accounts

Financial Statements for the Police Pension Scheme Accounts are prepared separately and will also be available on the PSNI's website.

STATEMENT OF RESPONSIBILITIES OF THE CHIEF CONSTABLE

Under Part 2, Sections 12(1), 12(2) and 12(3) of the Police (Northern Ireland) Act 2000, as amended by the Police (Northern Ireland) Act 2003 and Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010, the Chief Constable of the PSNI is required to prepare a statement of accounts on behalf of the Northern Ireland Policing Board, in the form and on the basis directed by the Department of Justice. The annual financial statements are prepared on an accruals basis and must give a true and fair view of the net expenditure, changes in taxpayers' equity and cash flows for the financial year and the balances held at the year end.

In preparing the accounts, the Chief Constable of the PSNI is required to comply with the requirements of the Government Financial Reporting Manual in particular to:

- observe the Accounts Direction issued by Department of Justice, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclosed and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis.

The Accounting Officer for the Department of Justice appointed the Chief Constable of the PSNI as Accounting Officer for the PSNI. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the PSNI, are set out in Managing Public Money Northern Ireland.

GOVERNANCE STATEMENT

I have been appointed as the Accounting Officer for the Police Service of Northern Ireland (PSNI), by the Accounting Officer of the Department of Justice (DOJ) to whom I am directly accountable. My responsibilities as PSNI Accounting Officer are contained in the Police (Northern Ireland) Act 2000, the Department of Finance (DoF) document Managing Public Money (NI), and the Management Statement and Financial Memorandum agreed with the DOJ.

As PSNI Accounting Officer I have responsibility for maintaining a sound system of internal control. The internal controls support the achievement of PSNI's policies, aims and objectives which are set by the Northern Ireland Policing Board (NIPB), while also safeguarding the public funds and assets for which I am personally responsible as Accounting Officer.

This responsibility is undertaken in accordance with the requirements of the DoF document Managing Public Money (NI).

The PSNI Governance Framework

The governance structure of PSNI reflects our unique statutory position, balancing the need for appropriate controls and oversight, while preserving the operational independence of the role of Chief Constable. This balance is recognised in the Police (Northern Ireland) Act 2000, and the Management Statement and Financial Memorandum issued by the DOJ.

It is essential that PSNI is seen to uphold the highest standards in its own operations and, for this purpose, I am held to account on a regular basis by the NIPB. The NIPB is a statutory non departmental public body consisting of 10 locally elected political representatives and 9 independent members, to whom I have statutory responsibilities. The Northern Ireland Policing Board plays a key role in the accountability framework for policing in Northern Ireland. Due to the absence of a Northern Ireland Assembly as a result of ongoing political discussions, the Policing Board has not been formally constituted. However, PSNI has continued to work with the Board to ensure a level of accountability in a period of uncertainty.

I recognise that the governance structures for PSNI set out within the Police (Northern Ireland) Act 2000, incorporating the oversight functions of the NIPB and PSNI as two separate but linked organisations, are unique and not replicated for any other public sector body. Where the requirements of the Act and the Corporate Governance Code differ, PSNI will always seek to comply with the Act, which reflects the wishes of Parliament. I have assessed the PSNI governance arrangements against the Governance Code and found that NIPB and PSNI arrangements when taken together comply with the code to the extent that it is relevant and meaningful.

Northern Ireland Policing Board (NIPB)

The NIPB is a non-departmental public body and separate from PSNI. It produces its own annual report and accounts, including a governance statement. The NIPB has a statutory role in “securing the maintenance of the Police in Northern Ireland, and shall secure that the Police, and the police support staff are efficient and effective”. Their governance structure in undertaking this role is contained in the NIPB governance statement, it can be found at: www.nipolicingboard.org.uk

The NIPB is required to meet at least eight times each year for the purposes of receiving and considering a report on policing from the Chief Constable. The NIPB also has a structure of committees that meet on a regular basis to consider specific areas of Policing and PSNI business areas. The NIPB has a statutory requirement to secure continuous improvement in the way the Chief Constable functions in regard to economy, efficiency and effectiveness, and to monitor the performance of the police, trends and patterns in relation to complaints against the police, trends and patterns in crimes, and recruitment to the police and police staff. Reporting against the annual Policing Plan has continued throughout the period to ensure ongoing accountability.

This demonstrates the unique governance arrangements contained in the Police (Northern Ireland) Act 2000 that exist between PSNI and NIPB, and why the NIPB scrutinises the work of PSNI through its Board and Committee structure. There is a clear division of responsibility between the NIPB Chairperson and myself; the Chairperson is responsible for the leadership and effective working of the NIPB, and I am responsible as PSNI Accounting Officer for the implementation of PSNI strategy and making operational decisions relating to policing. The requirements in the Corporate Governance Code are provided for under these arrangements.

Leadership Team

I am supported by the Service Executive Team (SET), which is the PSNI Senior Management Team, consisting of a Deputy Chief Constable, Assistant Chief Constables, and senior police staff.

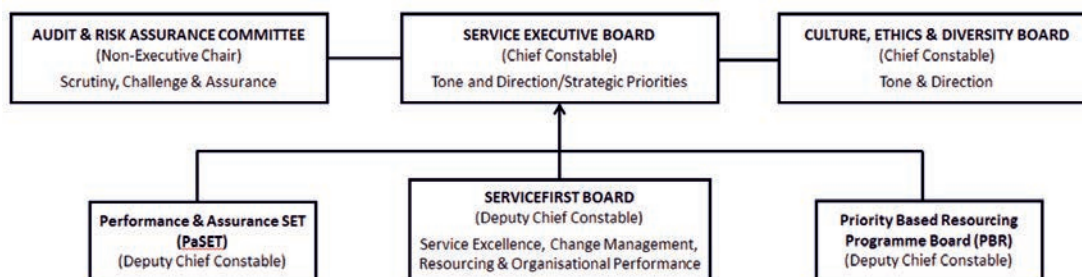
During the 2017/18 financial year there was a change within SET.

- Jude Helliker resigned as Head of Human Resources in June 2017

Governance Structure

The leadership team meets formally each month as the Service Executive Board (SEB) to provide executive management and governance to the operations and delivery of the PSNI. The SEB consists of PSNI Senior Management Team plus the Non-Executive Chair of the Audit and Risk Assurance Committee (ARAC) supported by a Non-Executive Member on a rotation basis. During 2017-18, SEB was supported by two other committees, ServiceFirst Board (SFB) and ARAC. The Strategic Diversity Steering Group and the Professional Standards Governance Group was replaced by the Culture, Ethics and Diversity Board. This board provides advice to SEB on Tone and direction and is supported by four committees.

Chart 1 below is an outline of the PSNI Governance Schematic.



PSNI Strategic Governance Schematic

The SFB is supported by the Performance and Assurance SET and Priority Based Resourcing Programme Board which are executive committees providing support by making strategic decisions in line with the tone and direction set by SEB.

SEB undertook a self-effectiveness review in April 2018 looking at its performance over the financial year 2017-18, and is satisfied with the level and type of information it received during the period. The SEB provided strategic direction for PSNI over the period.

Attendance by the members during the year at SEB meetings is set out below:

Members as at 31 March 2018	Number of SEB meetings eligible to attend	Number of SEB meetings attended
George Hamilton	13	12
Drew Harris	13	10
Mark McNaughten	13	12
Mark Hamilton	13	10
Stephen Martin	13	8
Alan Todd	13	13
Barbara Gray	13	12
Liz Young	13	11
Jude Helliker (April & May 2017)	2	2
Stephen Cargin* (April 2017)	1	1

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Dennis Licence (April –June 2017)	3	3
Stephen Hodkinson (ARAC Chair)	10	9
Gerry Crossan (ARAC Member)	5	5
Fiona Keenan (ARAC Member)	2	2
Ian Jordan (ARAC Member)	3	3

*Acting ACC Legacy and Justice

ARAC consists entirely of independent members, chaired by an independent Chairperson with three other independent members, and is compliant with the National Audit Office’s Audit Committee Self-Assessment checklist, and the “HM Treasury Audit Committee Handbook”. Stephen Hodkinson took over the Chair of ARAC from Dennis Licence in June 2017. The third Non-executive member, Ian Jordan, was appointed to ARAC in June 2017.

ARAC met four times during 2017-18, providing me with assurance on issues of internal control, governance and risk. The Committee is informed from a number of sources, one being the Head of Internal Audit (Chief Audit Executive) who issues an independent opinion on the adequacy and effectiveness of PSNI’s system of internal control.

Based on the work completed by Internal Audit, with the exception of those assignments which have received a “limited” assurance rating, a Satisfactory level of assurance has been provided by Internal Audit in relation to governance risk management and control. Greater detail on specific areas is provided in the “Significant Internal Control Issues” section of this report.

Appropriate action will be taken by PSNI to address issues where a “limited” assurance level has been issued by Internal Audit, and where issues of a Priority 1 and / or a Priority 2 nature (using the prioritisation matrix for Internal Audit recommendation as classified by the DoF) have been raised.

Risk and Control Framework

The SET and SEB assess how the achievement of our policies, aims and objectives might be affected by the risks we face, and the internal control framework is designed to mitigate those risks. The framework has been in place across the 2017-18 year. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, and it therefore provides reasonable rather than absolute assurance of effectiveness.

The internal control framework, which accords with DoF guidance seeks to reflect best practise, is an ongoing live process identifying and prioritising the risks to the achievement of organisational policies, aims and objectives. I have put in place arrangements to ensure that a proper evaluation of the balance of the cost of control

and the risk encountered is part of the PSNI decision making process. The internal control systems ensure that PSNI's assets are utilised with regard to the overall value for money to public funds.

Within PSNI we manage our business with a view to the risks we face, using appropriate control systems. This process is embedded in how we undertake our responsibilities and includes clearly defined policies and processes, effective financial management and the identification and management of risks.

Our ability to handle risk can be clearly seen by the movements on the corporate risk register over the reporting period, three new risks have been placed on the Corporate Risk Register and six Corporate Risks were removed. All the risks were reviewed in the reporting period and a number were rewritten. There are currently nine Risks on the Corporate Risk Register, with each one managed by a member of the SEB.

To ensure that we continue to respond to our changing environment, PSNI's strategic objectives are translated to our operations through working towards meeting the Northern Ireland Policing Plan, and by clearly defined accountabilities over the delivery of outputs and outcomes.

We continue to refine management information and business reporting to provide SEB and the NIPB with appropriate and timely management information to allow them to identify and respond to emerging risks.

Risk Management

Risk management is high on the business agenda and we manage risks in a structured manner. Consideration and mitigation of risk is crucial to the effectiveness of the system of internal control. The system of internal control is designed to maintain risk at a manageable level, based on risk appetite agreed by the SET to provide an acceptable level of assurance. Risk appetite will vary according to the perceived importance of the risks and their timing.

Policies and instructions on PSNI service delivery and organisational management are developed, reviewed and communicated to staff through training and a variety of internal communications platforms. Following the findings from a number of pieces of work carried out by Internal Audit, PSNI have restructured the policy framework to ensure that policies and instructions are concise, user-friendly and risk-focussed. Adherence to service policies is expected of staff and process failures can lead to recommendations re content review, training and/or discipline.

All Chief Officers and Service Managers together with ARAC have provided leadership to the risk management process throughout the reporting period. In addition the Corporate Risk Manager provides guidance and support across the organisation to enable all staff to manage risk.

PSNI has a risk management service instruction which describes the various roles and responsibilities of relevant positions within PSNI. The monitoring and reporting of risk management arrangements are included in the service instruction.

Whilst risk management is embedded into the organisation there is a potential issue with resilience resulting from the financial challenges. All Departments actively manage their individual risk registers, and all have a common theme and link through to the PSNI vision and purpose of keeping people safe.

The Corporate Risk Register is managed by the Corporate Risk Manager and captures significant risks facing the organisation. The Risk Register is reviewed on a monthly basis at SFB, with changes to the register approved by SEB and reported to each ARAC meeting. The effectiveness of the risk management process is reported twice a year to SFB and ARAC, it is also used to assist in the Chief Officers Annual Performance Appraisal Process.

Stewardship reporting is a key assurance control for the accountability, ownership and management of risks throughout PSNI. All Senior Officers provide a statement of risk management assurance twice per year confirming they have reviewed the risks within their area of responsibility, and assessed the management of the risks identified. This is part of a hierarchy of stewardship reporting from Area Co-Ordinators and from ACC's through to the Stewardship Statement I provide to the Department of Justice at six monthly intervals. In addition during the year, control risk self-assessment processes were carried out within Finance and Support Services and formally reviewed by Internal Audit.

Processes to manage operational risks incorporate those risks identified through the operation of the strategic tasking and coordinating process. Strategies for each priority are aligned with the actions necessary to manage the identified risk.

ARAC, which consists of non-executive members, provides me with assurance that effective risk management, governance and control arrangements are in place. ARAC receives regular risk management updates, along with reports from internal and external audit. DOJ, NIPB and NIAO have standing invitations to attend the meetings of ARAC as observers, and also contribute to the business at the committee.

Areas of significant concern or risk

During the period PSNI has identified some areas of significant concern or risk that could impact on the delivery of policing. The following list has been updated with details of the most significant risks from the current Corporate Risk Register

Terrorist Attack (AVERT): there is a risk that if PSNI does not work effectively to avert terrorist attacks then a greater number of attacks will occur resulting in serious injuries or fatalities.

Terrorist Attack (RESPONSE): there is a risk that the PSNI will not be able to effectively respond to a terrorist attack in line with our legislative responsibilities and public expectations.

Duty Restrictions: There is a risk that the levels of duty restrictions within the organisation will have a detrimental impact on service delivery.

Funding: There is a risk PSNI will not be able to contain costs within a reduced funding allocation and fail to prioritise to ensure resources are used efficiently and effectively.

Legacy Litigation: A risk that significant increase in demand together with complexity of caseloads relating to civil litigation and inquests will place considerable strain on resources adversely affecting ability to comply with statutory obligations as determined by courts.

Sickness Absence: There is a risk that the current levels of sickness absence within the organisation will have a detrimental impact on service delivery.

Data Protection: Failure to implement the key legislative changes being brought into force in the UK to replace the Current Data Protection Act 1998.

Mandatory Training: There is a risk that officers and staff do not receive in-time, mandatory, effective and policy compliant training for their role and for maintenance of their occupational competency.

Records Management: If PSNI fails to manage its paper files and electronic records it will be in breach of legislation which may lead to punitive sanctions for legislative and regulatory breaches and loss of public confidence.

Security Funding

As Chief Constable, I receive funding relating to national security and reserved matters, which comes from the Northern Ireland Executive and HM Treasury. I receive the funding through the normal grant mechanisms and I report back on the spend to the NIPB, DOJ, and DoF. I also provide detailed operational and financial reports to the Northern Ireland Office and Whitehall due to the nature of this funding. The SEB also receives monthly reports relating to this funding. Security funding is subject to the normal PSNI policies and procedures including external and internal auditing. In addition, PSNI and the Northern Ireland Office form part of a working group which has been established to monitor security funding on a day by day basis. PSNI continues to spend a significant element of its resources on security related matters which diverts limited resources away from day to day policing, creating a continuing need for security funding. Any reduction in funding has a potentially direct impact on national security issues.

Fresh Start Funding

A Fresh Start – the Stormont Agreement and Implementation Plan was published by the Executive and the UK and Irish Governments in November 2015 and set out proposals for addressing some of the most challenging and intractable issues impacting our community including commitments to tackle paramilitarism and organised crime. The Cross Departmental Programme Board, through DOJ was established to drive forward commitments made in the document. PSNI continued to be allocated Fresh Start Funding in 2017-18 to resource dedicated investigations.

Statement of Information Risk

Together with the staff of PSNI, I have privileged access to data and information to support the discharge of the policing function and ensure that the work undertaken by PSNI is factual, accurate and complete.

The Service adopts the principles of the Cabinet Office's Security Policy Framework and complies with National Police Chief's Council policy and guidance on information assurance and the management of police information. Following successful submission of a Governance & Information Risk Return (GIRR) to the Home Office National Police Information Risk Management Team PSNI was granted its National Policing Community of Trust Connectivity Approval Certificate on 25 March 2018. Granting of this Certificate provides evidence that PSNI's infrastructure, as presented in the GIRR submission, is appropriately risk managed and does not present an unacceptable risk to the police community. Approval enables us to securely connect to National Police Information Systems and the Public Service Network for Policing's Protected and Secured Networks. We continue to comply with the Government Security Classification Policy (GSC) for marking information assets.

During 2017-18 PSNI's two critical technical infrastructures – Barracuda Radio Network and Atlas Corporate Data Communications Network – were both successfully accredited following significant and comprehensive risk assessments. In the case of the Data Network this included a risk assessment of the implementation of Internet-Protocol (IP) Telephony for the first time. A Network Defence Security Group has been set-up, featuring key stakeholders and business representatives, to oversee PSNI's response to the increasing 'cyber' threat. The Group's remit seeks to take action to address the 5 key incident management steps of 'Identify – Prevent – Detect – Respond – Recover.'

At 31 March 2018, 72 PSNI operational information systems running on the corporate network infrastructure were accredited; a further 8 accreditations were in progress; and, 11 major ICT projects in development were being supported.

The Service Policy on Information Management is supported by Service Instructions on Information Security, including 31 technical security standards, and Records Management. A dedicated team led by the PSNI Records Manager completed an assignment to create Information Asset Registers in all Districts and Departments. This will result in the production of an enhanced and thoroughly detailed Corporate Information Asset Register. The PSNI Risk Appetite Statement covering all our information assets was updated and continues to be actively reviewed.

The Vision Statement in the current PSNI Information Security Strategy 2015-18 seeks to create a culture that is embedded across the Service which enables the effective use of information to support our strategic policing aims. It supports our overarching intention of 'Keeping People Safe by Keeping Information Safe' in addressing five key strategic themes:

- Maintaining Proportionate and Affordable Risk Management;
- Embedding a Culture of Personal Accountability;
- Supporting Innovation and Transformation of Services;
- Ensuring Safe and Secure Information Sharing; and
- Meeting National Policing Obligations.

Assistant Chief Constable Operational Support Department fulfils the role of PSNI Senior Information Risk Owner (SIRO) and is supported by dedicated Information Security and Records Management Units led by the PSNI Accreditor. Strategic Business Owners (Information Asset Owners) at Service Executive Board level, supported by a well-established network of Operational Business Owners (OBOs) at individual system level, oversee all of the information assets held by the Service. An

internal audit review of Operational Business Owner compliance with Service policy, published in March 2018, resulted in an overall 'Satisfactory' rating.

A report on the activities of the Information Security and Records Management Units, including the accreditation status of all the Service's corporate information systems, is presented to the Business User Delivery Group (BUDG) quarterly with incremental reports to the SIRO on a monthly basis. Information Risk briefings are submitted to SIRO on an ad-hoc basis while critical information risk issues are escalated to the ServiceFirst Board when necessary.

Personal Data Related Incidents

As PSNI Accounting Officer, I have responsibility for ensuring the security of personal data and to respond if there has been a breach or potential breach of the Data Protection Act. PSNI self-referred two incidents for consideration to the Information Commissioner's Office ('ICO'). Both related to matters which PSNI has referred for investigation to the Office of the Police Ombudsman. Whilst PSNI have provided information to the ICO on these matters, the outcome of the Ombudsman's investigation is awaited. PSNI further sought advice from the ICO in relation to a case which was referred to the Public Prosecution Service. In the course of this case the ICO sought further information on PSNI's role in the matter. Clarification was provided in relation to PSNI's role and safeguards in place by PSNI to protect personal information. PSNI were deemed not to be the data controller and no enforcement action was taken against PSNI.

PSNI is reviewing its information incident reporting standards in line with changes due to commence under reform of the Data Protection framework in the UK in May 2018. PSNI is working closely with the National Police Chiefs Council and the Information Commissioner's Office with regard to all of these changes.

Review of Effectiveness

As PSNI Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control.

My review is informed by the work of the Service Executive Officers (Chief Officers) within the organisation who have responsibility for the development and maintenance

of the internal control framework, and the work undertaken by the Internal and External Auditors during the reporting period.

Significant Internal Control Issues

During the year two audits carried out by Internal Audit received a limited rating, the Review of Post Project Evaluation and the Review of Equipment (including Firearms and Digital Equipment). A further four audits received satisfactory ratings but each contained an exception, the review of Attendance Management, the review of Procurement and Contract Management, the follow up review of Training and Development and the review of Payroll.

Review of Post Project Evaluation (PPE)

A limited assurance opinion has been issued respect of Post Project Evaluation. The objective of this Internal Audit was to assess compliance with PSNI's governance arrangements for monitoring and tracking completion of post implementation reviews. Two priority 2 and one priority 3 findings were identified. The findings relate to a lack of reconciliation between Outline Business Cases (OBC), PPE and costs based on the financial system (Integra) and to the quality and timeliness of PPE's. Internal Audit acknowledged that the business cases for all the projects selected within the sample were approved before the new post implementation governance arrangements were implemented, but the need to identify and track benefits has been in place for several years.

Review of Equipment

In this review Internal Audit assessed the arrangements in place for managing the allocation of identifiable items, focusing mainly on the E-Services system and self-certification process. Their findings resulted in an overall report classification of limited. One priority 1 and three priority 2 findings were identified. The findings relate to the current functionality within the E-Services system which does not enable a full reconciliation to be completed. There are currently items unaccounted for within the PSNI, which have not been highlighted to stores staff for reconciliation, this is largely in relation to handcuffs and batons. There is limited accountability for individual officers or staff members to complete their self-certification on time. There is also a lack of guidance for officers. It should be noted that the underlying systems of control are in place with a range of systems and arrangements which provide alternative assurance over specific sub groups of identifiable items.

Attendance Management

This audit was satisfactory except for case reviews. The arrangements in place in respect of attendance management were assessed for the management of absences, records management and management information. One Priority 2 and one Priority 3 finding were identified. In respect of case reviews it was noted that for 50% of the sampled absences a 28 day case review was not performed. The priority 2 finding also highlighted some non-compliance by both line management and absentees of their responsibilities within the absence process.

Procurement and Contract Management

This review assessed the compliance with PSNI Procurement and Contract Management policy. The assessment of Procurement resulted in an overall classification of satisfactory.

The review of Contract Management identified one Priority 2 finding resulting in an overall classification of satisfactory with the exception of ICS. This related to the completion and evidencing of appropriate contract management procedures. For two ICS contracts it was noted that there was a lack of evidence to support contract management meetings. Given the nature, size and financial spend associated with these contracts it is important that there is documentation retained to support effective contract management arrangements.

Training and Development

This audit focussed on mandatory training and in particular a review of the new governance arrangements. The governance processes were assessed as satisfactory but the training outcomes in terms of levels of officers out of ticket for mandatory training as limited. One priority 2 and one priority 3 finding were identified from this review. The priority 2 finding relates to the identification of one out of 60 officers (2%) not having up-to-date PSP training and two out of 60 officers (3%) not having up-to-date first-aid training.

Payroll

The purpose of this review was to evaluate specific controls operating in relation to Payroll focussed on joiners, leavers and changes to standing data. Internal audit identified one Priority 1 finding, and two Priority 2 findings which resulted in an overall classification of Satisfactory with the exception of excess fare allowances. The Priority 1 finding was in relation to an excess fare allowance which resulted in an overpayment to a staff member. Internal Audit acknowledged that the overpayment had already been identified by Payroll branch - however this was identified when the officer requested a change in his standing data. The other findings were in relation to signatures missing from a number of monthly audit reports evidencing a review of manual changes occurring and a number of Form 76/7 were not signed as approved as required by guidance and four Form 76/7 were not located during the fieldwork for Internal Audit to review.

All Internal Audit findings have been placed on the PSNI's Overview system to be addressed and progressed towards discharge.

The Northern Ireland Audit Office has undertaken external audit work on the organisation in addition to its annual financial audit on PSNI's financial statements.

There are two reports to consider:

Continuous Improvements in Policing

The Comptroller and Auditor General (NI) audited the NIPB's continuous improvement arrangements as required by Part V of the Police (NI) Act 2000. The report published on 27 February 2018 contains an unqualified audit opinion on the 2016-17 Performance Summary and the 2017-18 Policing Plan. However, a number of issues and recommendations were raised. These covered issues such as the need to

identify appropriate outcomes, indicators and baselines that demonstrate positive results for communities, the requirement to ensure that timescales are set for the completion and implementation of continuous improvement projects and for post project evaluations to be completed on a timely basis. PSNI and NIPB are working closely to address the issues raised by the Comptroller and Auditor General (NI). The recommendations are managed through the PSNI Overview system.

Speeding up Justice: avoidable delay in the criminal justice system

This report was prepared under Article 8 of the Audit (Northern Ireland) Order 1987 for presentation to the Northern Ireland Assembly in accordance with Article 11 of the Order. It was published on 27 March 2018. The review focused on the collective performance of the four main justice organisations. These include the PSNI, the Public Prosecution Service (PPS), the Northern Ireland Courts and Tribunals Service (NICTS), and the Department of Justice (the Department) in their role of providing oversight of the entire system. The report noted more work is required to develop a fully functioning partnership throughout the justice system to deliver change. Currently the costs are higher than England and Wales and the system does not deliver value for money. The report details 6 recommendation to deliver improvement in the areas of avoidable delay, the PSNI supports these recommendations.

No ministerial directions were received during the period.

There are a number of other sources from which I draw assurance on the system of internal control. These include the work of those independent external bodies which provide a challenge function to the work of PSNI including;

The Northern Ireland Policing Board
The Department of Justice
Northern Ireland Audit Office
Her Majesty's Treasury
The Criminal Justice Inspectorate of Northern Ireland
Her Majesty's Inspectorate of Constabulary & Fire and Rescue Services
Surveillance Commissioner
Human Rights Commission

Any issues of control weaknesses, identified from reviews carried out by these independent bodies in 2017-18, have been considered and action taken with progress on actions outstanding monitored through the "Overview" system.

SEB continues to keep its internal control arrangements under review in response to internal and external developments. SEB is independently advised by ARAC which meets throughout the year, and reports through its annual report, and regular meetings between the independent Chair of ARAC and the Deputy Chief Constable.

Internal Audit submits regular reports on the management of key business risks, and the effectiveness of the system of internal control, making recommendations for improvement where appropriate. This is formally reported to ARAC at each meeting.

Those recommendations accepted by PSNI have been implemented, or are being implemented against agreed timetables, with those accepted recommendations past their initial planned end date reported to ARAC, and quarterly to SEB.

Accounting Officer's Statement of Assurance

I have considered the assurances provided by PSNI Senior Officers, ARAC, Internal Audit, External Audit and external scrutiny bodies.

As PSNI Accounting Officer, I am satisfied with the overall effectiveness of the system of internal control and am content that adequate plans exist to address any weaknesses and to ensure continuous improvement.

REMUNERATION AND STAFF REPORT

The Remuneration and Staff Report summarises the PSNI's policy on remuneration of Board Members, Non-Executive Members and staff; it also provides details of actual costs and contractual arrangements.

Remuneration policy

The remuneration of PSNI Chief Officers is set by the Northern Ireland Policing Board.

In reaching its recommendations, the Policing Board has considered the following:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments and other public bodies to meet the output targets for the delivery of services;
- the funds available to the organisation;
- the Government's inflation target; and
- the recommendation of the Senior Salaries Review Body and the Minister for Justice Recommendation on pay increases, and Chief Officer pay scales.

The Policing Board takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Service contracts

The Policing Board is responsible for the appointment and service contracts of Chief Officers.

Chief Constable & Deputy Chief Constable

Chief Constable George Hamilton was appointed by the Policing Board on the 30 June 2014.

The Deputy Chief Constable Drew Harris was appointed by the Policing Board on the 13 October 2014.

The PSNI Regulations 2005 specify a fixed term of five years for the post of Chief Constable or Deputy Chief Constable, which may be extended for a further term of a maximum of three years and for subsequent terms of a maximum of one year. Any extension or subsequent extension which is due to expire more than one year after the expiry of the original fixed term shall require the consent of the Department of Justice.

Should the Policing Board decide not to extend a contract of the Chief Constable or Deputy Chief Constable, it is required to give a minimum notice period of six months.

Assistant Chief Constables

The appointment dates for Assistant Chief Constables appointed by the Board during this period are as follows:

Mark Hamilton	5 August 2013
Stephen Martin	30 June 2014
Alan Todd	26 April 2016
Will Kerr	16 August 2009

ACC Kerr is currently on secondment with National Crime Agency

Civilian Chief Officers

There are currently no substantively appointed Civilian Chief Officers in post.

Senior Executives

The appointment dates for current senior executives are as follows:

Liz Young	10 March 2008
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Unless otherwise stated, Civilian Chief Officers and Senior Executives hold appointments which are open ended or until they reach retirement age.

Provision for compensation on early termination, for anything other than misconduct, is subject to the advice of the Department of Justice.

**POLICE SERVICE OF NORTHERN IRELAND
ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 MARCH 2018**

Salary and pension entitlement: (Audited Information)

Remuneration and pension information for the year ended 31 March 2018 is as follows:

	Salary 2017-18 £000's	Benefit in Kind 2017-18 £00's	Bonus 2017-18 £000's	* Pension Benefits 2017-18 ² £000's	Single Total Figure of remuneration 2017-18 £000's
Chief Constable George Hamilton	220-225	NIL	NIL	-	220-225
Deputy Chief Constable Drew Harris	180-185	NIL	NIL	-	180-185
Assistant Chief Constable Legacy & Justice Mark Hamilton	125-130	NIL	NIL	11	135-140
Assistant Chief Constable Crime Operations Stephen Martin	125-130	NIL	NIL	(40)	85-90
Assistant Chief Constable District Policing Alan Todd	125-130	NIL	NIL	38	165-170
T/Assistant Chief Constable Operational Support Barbara Gray	115-120	NIL	NIL	153	265-270
T/Assistant Chief Constable Legacy & Justice Stephen Cargin (Full Year Equivalent)	5-10 (100-105)	NIL	NIL	35	40-45
T/ Director of Finance & Support Services and Human Resources Mark McNaughten	110-115	NIL	NIL	(245)	(125-130)
Head of Human Resources Jude Helliker (Full Year Equivalent)	15-20 (70-75)	NIL	NIL	8	20-25
Head of Corporate Communications Liz Young	75-80	NIL	NIL	19	95-100
Non-Executive Member Dennis Licence ³ .	5-10	NIL	NIL	-	5-10
Non-Executive Member Stephen Hodgkinson ³ .	20-25	NIL	NIL	-	20-25
Non-Executive Member Fiona Keenan ³	5-10	NIL	NIL	-	5-10
Non-Executive Member Gerald Crossan ³	5-10	NIL	NIL	-	5-10
Non-Executive Member Ian Jordan ³	5-10	NIL	NIL	-	5-10

**The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights*

1. Details of Senior Executive Board Members start and end dates are provided on page 65-66.
2. Members Pension Benefits are nil as they are not active scheme members.
3. As a non-executive member it is not appropriate to include a full time equivalent figure, as the member is paid a per diem rate for attending Board meetings

**POLICE SERVICE OF NORTHERN IRELAND
ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 MARCH 2018**

Comparative Remuneration and pension information for the year ended 31 March 2017 is as follows:

	Salary 2016-17 £000's	Benefit in Kind 2016-17 £00's	Bonus 2016-17 £000's	* Pension Benefits 2016-17 £000's	Single Total Figure of remuneration £000's
Chief Constable George Hamilton	220-225	NIL	NIL	-	220-225
Deputy Chief Constable Drew Harris	180-185	NIL	NIL	-	180-185
Assistant Chief Constable Crime Operations William Kerr (Full Year equivalent)	100-105 (125-130)	NIL	NIL	117	115-120
Assistant Chief Constable Legacy & Justice Mark Hamilton	120-125	NIL	NIL	86	210-215
Assistant Chief Constable Crime Operations Stephen Martin	125-130	NIL	NIL	72	195-200
Assistant Chief Constable District Policing Alan Todd	125-130	NIL	NIL	113	235-240
T/Assistant Chief Constable Operational Support Barbara Gray (Full Year Equivalent) ¹	15-20 (115-120)	NIL	NIL	88	105-110
T/Assistant Chief Constable Legacy & Justice Stephen Cargin (Full Year Equivalent)	5-10 (95-100)	NIL	NIL	64	70-75
T/ Director of Finance & Support Services and Human Resources Mark McNaughten	105-110	NIL	NIL	83	195-200
Director of Human Resources Joe Stewart (Full Year Equivalent)	0-5 (115-120)	NIL	NIL	18	20-25
Head of Human Resources Jude Helliker (Full Year Equivalent)	55-60 (70-75)	NIL	NIL	42	100-105
T/Head of Legal Service Ralph Roche (Full Year Equivalent) ¹	55-60 (65-70)	NIL	NIL	25	80-85
Head of Corporate Communications Liz Young	75-80	NIL	NIL	18	95-100
Non-Executive Member Dennis Licence ² .	25-30	NIL	NIL	-	25-30

'Salary' includes gross salary; performance pay; untaken leave allowance, overtime; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any ex gratia payments.

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

Salary and pension entitlement: Pay Multiples (Audited information)

2017-18 Organisation Total	£000's	*Restated 2016-17 Organisation Total	£000's
Remuneration of Highest Paid all Employees		Remuneration of Highest Paid all Employees	
Total Remuneration	220-225	Total Remuneration	220-225
Median Total Remuneration	45.11	Median Total Remuneration	45.46
Ratio	4.93	Ratio	4.89
Police		Police	
Remuneration of Highest Paid Police Officer's		Remuneration of Highest Paid Police Officer's	
Total Remuneration	220-225	Total Remuneration	220-225
Median Total Remuneration	47.92	Median Total Remuneration	48.58
Ratio	4.64	Ratio	4.58
Police Staff		Police Staff	
Remuneration of Highest Paid Director's		Remuneration of Highest Paid Director's	
Total Remuneration	110-115	Total Remuneration	105-110
Median Total Remuneration	25.31	Median Total Remuneration	25.48
Ratio	4.44	Ratio	4.21

*The comparative figures for 2016-17 have been restated to include overtime elements in the total remuneration figure where they had been previously excluded.

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid Executives in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid Executives in the PSNI in the financial year 2017-18 was £220,000-£225,000 (2016-17 was £220,000-£225,000). This was 4.93 times (2016-17, 4.89) the median remuneration of the workforce, which was £45,110 (2016-17 £45,460).

No employees in 2017-18 or 2016-17 received remuneration in excess of the highest paid Executive. The Total remuneration includes gross salary; performance pay; untaken leave allowance, overtime; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any ex gratia payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions. The ratio of the highest paid Executive has only marginally changed since 2016-17. As PSNI has two distinct pay structures, one for police and one for police staff, the median and pay multiples for each of these two pay structures has also been provided above.

Gender Pay Ratios

In line with the government's commitment to publish Gender pay ratios PSNI has set out below the gender pay medians and means for the 2017-18 year.

	Male	Female
	£000s	£000s
Median	42.42	33.11
Mean	40.27	34.35

The Percentage of officers and staff per pay quartile is also shown below:

Quartile £000s	Male	Female
0-56	94.00%	97.41%
56-112	5.88%	2.59%
112-168	0.08%	0.03%
168-225	0.03%	0.00%

Pension Benefits (Audited Information)

Audited Information	Accrued pension as at 31 March 2018 £000's	Real increase in pension and related lump sum at 31 March 2018 ² £000's	CETV at 31 March 2018 £000's	CETV at 31 March 2017 £000's	Real increase in CETV £000's
George Hamilton ¹	135-140	-	3,182	3,120	-
Drew Harris ¹	110-115	-	2,531	2,490	-
Mark Hamilton ¹	55-60	2.5-5.0	807	751	-2
Stephen Martin ¹	70-75	(0-2.5)	1,725	1,753	(44)
Alan Todd ¹	60-65	2.5-5.0	1,348	1,281	43
Barbara Gray ¹	60-65	7.5-10.0	1,441	1,255	178
Stephen Cargin ¹	55-60	0-2.5	1,277	1,197	40
Mark McNaughten	20-25	(7.5-10.0)	368	507	(182)
Liz Young	15-20	0-2.5	294	262	11
Jude Helliker	25-30	0-2.5	446	438	5

Note:

1. PSNI Police Officers have the option of electing for a lump sum paid on retirement (up to 25% of their total accrued pension benefits). The figures shown are the gross pension figures assuming no lump sum payment.
2. Members real increase are zero where they are no longer active scheme members

These pension benefits are provided through two pension schemes depending on the employment status of the individual.

PRINCIPAL CIVIL SERVICE PENSION SCHEME (NI)

Pension benefits for PSNI Police Staff are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). The alpha pension scheme was introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of existing members of the classic, premium, classic plus and nuvos pension arrangements also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is a ‘Career Average Revalued Earnings’ (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate is 2.32%.

New entrants joining can choose between membership of alpha or joining a good quality ‘money purchase’ stakeholder arrangement with a significant employer contribution (partnership pension account).

New entrants joining on or after 30 July 2007 were eligible for membership of the nuvos arrangement or they could have opted for a partnership pension account. Nuvos is also a CARE arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%.

Staff in post prior to 30 July 2007 may be in one of three statutory based ‘final salary’ defined benefit arrangements (classic, premium and classic plus). From April 2011, pensions payable under classic, premium, and classic plus are reviewed annually in line with changes in the cost of living. New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining the partnership pension account.

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2017 was 3% and HM Treasury has announced that public service pensions will be increased accordingly from April 2018.

Employee contribution rates for all members for the period covering 1 April 2018 – 31 March 2019 are as follows:

Annualised Rate of Pensionable Earnings (Salary Bands)	2018 contribution rate - Classic members or classic members who have moved to alpha	2018 contribution rate – All other members
Up to £15,000.99	4.6%	4.6%
£15,001 - £21,636.99	4.6%	4.6%
£21,637-£51,515.99	5.45%	5.45%
£51,516-£150,000.99	7.35%	7.35%
£150,001 and above	8.05%	8.05%

Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The Northern Ireland Civil Service pension schemes are unfunded multi-employer defined benefit schemes but PSNI is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Annual Report and Accounts as at 31 March 2018.

For 2017-18, employers' contributions of £12,835,950 were paid to the PCSPS (NI) (2016-17: £12,285,657) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of the new Career Average Earning Scheme, Alpha, from April 2015. For 2018-19, the rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2017-18 to be paid when the member retires, and not the benefits paid during this period to existing pensioners

Employee contributions are payable at a rate in the range of 3% to 8.05% of pensionable earnings for Classic and 4.6% to 8.05% for Premium, Classic Plus and Nuvos dependent on pensionable pay. Benefits in Classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic Plus is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per Classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Scheme Pension age is 60 for members of classic, premium, and classic plus and 65 for members of nuvos. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension schemes can be found at the website <https://www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni>.

There were no contributions due to the partnership pension providers at the reporting date. There were no contributions prepaid at that date.

Eight individuals retired early on ill health grounds during 2017-18, the total additional accrued pension liabilities in the year amounted to £29,605.

POLICE PENSION SCHEMES

Pension benefits for PSNI officers, including Full Time Reserves, are provided through the PSNI Police Pension Scheme, the New Police Pension Scheme (NPPS) and from April 2015 the 2015 Police Pension Scheme.

Police Pension Scheme (PPS)

This is a statutory scheme that provides benefits on an "Average Pensionable Pay (APP)" basis at age 55 regardless of rank. It is a defined benefits final salary scheme. All officers are entitled to work to age 60 and can apply for 5 yearly extensions after age 60.

For the year to 31 March 2018, employer's contributions of £19,737,770 have been paid at the rate of 25.1% of pensionable pay. For 2016-17, employers' contributions of £23,703,844 were paid to the PSNI PPS. In addition employers' contributions totalling £5,365,986 have been paid for the year to 31 March 2018 in respect of ill-health retirements (2016-17, £4,636,704). To qualify for an ordinary retirement pension, an officer has to complete 25 years' service and attain 50 years of age. Benefits accrue at the rate of 1/60th of APP for each year of service up to 20 years, and 2/60th for each year thereafter, up to a maximum of 40/60th of APP. There is an option for a lump sum to be paid on retirement, if the officer elects to give up (commute) up to 25% of the pension. Actuarial tables are used to calculate the lump sum. Members pay contributions of either 14.25 or 15.05% of basic pay. Pensions increase in line with the Consumer Prices Index effective 1 April 2011 (previously Retail Prices Index).

On death, pensions are payable to the surviving spouse or children, subject to provisions within the scheme.

On death in service that is not as a result of an injury on duty (IOD) the scheme pays a lump sum benefit of twice pensionable pay, and there are also pension benefits for the spouse and/or children of the deceased. On death as a result of IOD, or death within 12 months of retiring as a result of an injury, a lump sum benefit of 5 times pensionable pay is payable, subject to scheme conditions. Medical retirement is possible in the event of serious ill health. Officers with less than 2 years' service receive a lump sum benefit (gratuity), and those with more than 2 years' service receive an ill-health pension, depending on the number of years of actual pensionable service. This scheme is now closed to new recruits from the 6 April 2006. Existing officers had a one off opportunity to transfer to the New Police Pension Scheme.

New Police Pension Scheme (NPPS)

For the period to 31 March 2018, employer's contributions of £824,500 have been paid at the rate of 25.1% of pensionable pay. For 2016-17, employers' contributions of £939,795 were paid to the PSNI NPPS.

To qualify for an ordinary retirement pension, an officer must serve to age 55. Benefits accrue at the rate of 1/70th of APP for each year of service up to a maximum of 35/70th of APP.

In addition to the pension a defined lump sum of four times pension is payable. Members pay contributions of 11%, 12.05% or 12.75% of basic pay depending on the level of pensionable pay. Pensions increase in line with the Consumer Prices Index. On death, pensions are payable to the surviving spouse, civil partner, unmarried partner or children, subject to provisions within the scheme. On death in service, that is not as a result of an injury on duty (IOD), the scheme pays a lump sum benefit of three times pensionable pay, and there are also pension benefits for the spouse, civil partner, unmarried partner and/or children of the deceased.

On death as a result of IOD, or death within 12 months of retiring as a result of an injury, a lump sum benefit of 5 times pensionable pay is payable, subject to scheme conditions. There is a 2 tier medical retirement pension for officers with over 2 years' service. If an officer is permanently disabled for the ordinary duties of a member of PSNI a standard ill health pension is awarded. If an officer is disabled from the ordinary duties of a member of PSNI and permanently disabled for any regular employment an enhanced top-up ill health pension could be awarded. This scheme is now closed to new recruits from the 1 April 2015.

The 2015 Police Pension Scheme (Northern Ireland)

From 1 April 2015 a new Career Average Revalued Earnings pension scheme was introduced. Existing members of the 1988 and 2006 schemes moved over or will move over at a future date to the 2015 if they do not have pension protection.

For the period to 31 March 2018, employer's contributions of £40,335,465 have been paid at the rate of 25.1% of pensionable pay. For 2016-17, there were £36,889,132 of employers' contributions paid to the PSNI 2015 Pension Scheme. In addition employers contributions totalling £862,572 (2016-17 £163,020) have been paid for the year to 31 March 2018 in respect of ill-health retirements.

Benefits accrue at 1/55.3 of annual pensionable pay and receive annual uprating of Consumer Price Index (CPI) plus 1.25%. Benefits are payable in full from age 60 or on an actuarially reduced basis from age 55. A lump sum on retirement is not automatic but an officer can opt to commute up to a maximum of 25% of gross pension into a lump sum.

Members pay one of three contributions ranging from 12.44% to 13.78% of basic pay dependent on pensionable pay. On death, pensions are payable to the surviving spouse, civil partner, unmarried partner or children, subject to provisions within the scheme. On death in service, that is not as a result of an injury on duty (IOD), the scheme pays a lump sum benefit of three times pensionable pay, and there are also pension benefits for the spouse, civil partner, unmarried partner and/or children of the deceased.

On death as a result of IOD, or death within 12 months of retiring as a result of an injury, a lump sum benefit of 5 times pensionable pay is payable, subject to scheme conditions. There is a 2 tier medical retirement pension for officers with over 2 years service. If an officer is permanently disabled for the ordinary duties of a member of PSNI a standard ill health pension is awarded. If an officer is disabled from the ordinary duties of a member of PSNI and permanently disabled for any regular employment an enhanced top-up ill health pension could be awarded.

Pension Protection

Following the introduction of the 2015 Police Pension Scheme for Police officers and the Alpha Pension Scheme for Police Support Staff, protection of pension rights were given to some existing members of staff. For police officers and police support staff within 10 years of retirement they received full protection which meant they remained in their existing pension scheme. Some police officers and police support staff received tapered protection which means they move or moved to the respective new scheme at a date later than 1 April 2015. This tapered protection was dependent on age, service or a mixture of both. Any police officers or police support staff who did not have full or tapered protection moved to either the 2015 Police Pension Scheme or The Alpha Scheme from 1 April 2015

EMPLOYER PENSION COSTS

Pension costs for employer contributions noted above are stated as the actual cash payments made in 2017-18 (total £79,232,961 including Ill health contributions).

Employer pension costs disclosed on page 77 of £74,071k are reported on an accrual basis.

SEVERANCE PAYMENTS

Severance Payments have been made from 1 January 2001 to officers leaving the PSNI under the Voluntary Severance or Full Time Reserve programmes for the PSNI. The Schemes were developed in line with the recommendations of the Independent Commission on Policing (Patten) and it was necessary to fulfil Government commitments, to permit officers to leave from the planned date of 1 January 2001. These schemes are now closed and no further payments will be made.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS or Police pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However the real increase calculation uses common actuarial factors at the start and the end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

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Compensation for loss of Office (Audited Information)

No payments for loss of office were made during 2017-18.

STAFF NUMBERS AND RELATED COSTS (AUDITED INFORMATION)

Details of the total staff costs and breakdown of staff between permanently employed and other staff are shown below:

	2017-18	2017-18	2017-18	2016-17
	Permanently Employed Staff £000's	Others £000's	Staff Costs Total £000's	Staff Costs Total £000's
Wages & salaries	398,810	6,087	404,897	404,780
Social security costs	43,619	-	43,619	43,186
Pension Costs	74,071	-	74,071	73,840
Total Staff Costs	<u>516,500</u>	<u>6,087</u>	<u>522,587</u>	<u>521,806</u>
Less recoveries in respect of outward secondments	<u>(637)</u>	<u>-</u>	<u>(637)</u>	<u>(38)</u>
Total net costs	<u>515,863</u>	<u>6,087</u>	<u>521,950</u>	<u>521,768</u>

Average numbers of people employed:

The average number of whole-time equivalent persons employed during the year was as follows:

	2017-18	2017-18	2017-18	2016-17
	Permanent Staff	Others	Total	Total
Directly Employed	9,157	-	9,157	9,202
Other	<u>9</u>	<u>62</u>	<u>71</u>	<u>67</u>
Total	<u>9,166</u>	<u>62</u>	<u>9,228</u>	<u>9,269</u>

**Reporting of Compensation and Exit Packages for all Staff 2017-18
(Audited information)**

Details of all compensation and exit packages for Police Officers and Police Staff are outlined below:

Exit Package Cost Band	Number of Compulsory Redundancies	Number of Other departures agreed	Total number of Exit Packages by cost band
< £10,000	-	-	-
£10,000 - £25,000	-	1	1
£25,000 - £50,000	-	1	1
£50,000 - £100,000	-	1	1
£100,000 - £150,000	-	-	-
£150,000 - £200,000	-	-	-
£200,000 - £250,000	-	-	-
£250,000 - £300,000	-	-	-
Total number of Exit Packages	-	3	3
Total Resource Cost (£)	-	111,377	111,377

Assumptions:

Exit costs are accounted for in year of departure.

Where early retirement has been agreed, the additional costs are met by the PSNI.

Ill-health retirement costs are met by the pension scheme and not included in the above, these costs are set out on page 73.

**Reporting of Compensation and Exit Packages for all Staff 2016-17
(Audited information)**

Details of all compensation and exit packages for Police Officers and Police Staff are outlined below:

Exit Package Cost Band	Number of Compulsory Redundancies	Number of Other departures agreed	Total number of Exit Packages by cost band
< £10,000	-	-	-
£10,000 - £25,000	-	13	13
£25,000 - £50,000	-	129	129
£50,000 - £100,000	-	11	11
£100,000 - £150,000	-	-	-
£150,000 - £200,000	-	-	-
£200,000 - £250,000	-	-	-
£250,000 - £300,000	-	-	-
Total number of Exit Packages	-	153	153
Total Resource Cost (£)	-	6,189,077	6,189,077

Assumptions:

Exit costs are accounted for in year of departure. The costs above reflect the leavers under the PSNI Voluntary Exit Scheme in 2016-17.

Where early retirement has been agreed, the additional costs are met by the PSNI.

Ill-health retirement costs are met by the pension scheme and not included in the above, these costs are set out on page 73.

Employee involvement

PSNI maintains regular communications and contact with managers and staff through meetings, team briefings, internal blogs, intranet, seminars, circulars, information bulletins and staff newsletters. It also has well established arrangements for formal consultation with recognised Trade Union representatives on all significant developments and issues affecting staff.

In 2017 PSNI conducted its second employee engagement survey; this will allow PSNI to measure changing opinions over time and investigate factors having the largest impact on our organisational behaviours and culture, which will then help to identify priorities for action.

Recruitment

PSNI consider that attracting, retaining, developing, supporting and rewarding the right people with the right behaviours, attitudes and skills is fundamental to;

- Keeping People Safe
- Evidencing our Policing With the Community culture
- Upholding human rights.

During the year a number of external and internal recruitment competitions have been launched to seek new trainee officers and admin staff, as well as offering promotion opportunities to existing officers and staff. These competitions will continue into 2018-19.

A breakdown of PSNI employees as at 31 March 2018 by Gender is shown below;

	Gender Breakdown as at 31 March 2018	
	Female	Male
Senior Executive Team	2	6
Senior Managers	4	15
PSNI Officers/Staff	3,277	5,926
Total	3,283	5,947

Disabled persons

PSNI has a strong and clear commitment to equality, diversity and inclusion. It is our policy that all eligible persons shall have equal opportunity for employment and advancement in the NICS on the basis of their ability, qualifications and aptitude for the work. PSNI took full cognisance of the Northern Ireland Civil Service Code of Practice on the employment of people with disabilities.

Health and safety

PSNI is committed to providing for staff an environment that is, as far as possible, safe and free from risk to health. Policing in Northern Ireland is both exceptional and unique. Therefore, what would be considered ‘critical’ in any other UK policing jurisdiction is both normal and ongoing business for the PSNI and the context against which all policing activity and relationships are delivered, including health and safety statutory compliance. This is reflected in the health and safety approach necessary when considering “suitable and sufficient” control measures and the associated safe systems of work in order to provide an effectively frontline service delivery to the community whilst still complying with the statutory obligations on PSNI.

PSNI Health and Safety Branch support frontline Policing by ensuring that timely professional advice is provided and that both proactive and reactive health and safety policies and procedures are developed, implemented, monitored and reviewed ensuring bureaucracy is kept to the minimum.

Sickness absence data

The reported average number of working days lost due to sickness for 2017-18 are shown below. The figures show an overall increase in days lost for police officers, and police staff. PSNI continues to robustly manage sick absence and has targets for reduction in line with Government policy.

	Average Working Days Lost 2017-18	Average Working Days Lost 2016-17
Police Officers	13.40	11.79
Police Staff	11.24	9.75

Off Payroll Engagements

PSNI had no 'off-payroll' engagements in place as at 1 April 2017. During 2017-18 one ‘off-payroll’ engagement was made. This engagement is still in place as at the 31 March 2018 and has been ongoing for more than 6 months.

This off payroll engagement fell under the revised IR35 rules for ‘off payroll’ working.

Consultancy

PSNI incurred no expenditure on consultancy during 2017-18 (£3,938 2016-17).

ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

LOSSES AND SPECIAL PAYMENTS (AUDITED INFORMATION)

Type of cases	Description	2017-18 No of Cases	£000	2016-17 No of Cases	£000
Losses		2	26	2	-
Overpayments		3	3	4	4
Stores		609	426	934	540
Claims waived or Abandoned		20	6	41	9
Special Payments	Compensation	1,206	4,525	1,970	8,360
Ex Gratia Payments		-	-	-	-
Fruitless Payments & Constructive Losses		<u>94</u>	<u>15</u>	<u>118</u>	<u>648</u>
Total		<u>1,934</u>	<u>5,001</u>	<u>3,069</u>	<u>9,561</u>

During 2017-18 Special Payments (compensation) were made in relation to 1,206 cases. The total amount paid in these cases was £4,525k.

REMOTE CONTINGENT LIABILITIES (AUDITED INFORMATION)

PSNI has no remote contingent liabilities to note.



George Hamilton
Chief Constable
Police Service of Northern Ireland
22 June 2018

**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND
AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY**

Opinion on financial statements

I certify that I have audited the financial statements of the Police Service of Northern Ireland, the Police Fund Account and the Police Property Fund Account for the year ended 31 March 2018 under the Police (Northern Ireland) Act 2000 as amended by the Police (Northern Ireland) Act 2003 and the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Police Service of Northern Ireland's affairs, the Police Fund Account and the Police Property Fund Account as at 31 March 2018 and of the net expenditure for the year then ended; and
- have been properly prepared in accordance with the Police (Northern Ireland) Act 2000 as amended by the Police (Northern Ireland) Act 2003 and the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 and Department of Justice directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of the Police Service of Northern Ireland in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Other Information

The Northern Ireland Policing Board and the Chief Constable as Accounting Officer are responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in the report as having been audited, and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with the Department of Justice directions made under the Police (Northern Ireland) Act 2000 as amended by the Police (Northern Ireland) Act 2003 and the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010; and
- the information given in the Performance Report and the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities of the Northern Ireland Policing Board and Chief Constable for the financial statements

As explained more fully in the Statement of Responsibilities of the Chief Constable, the Northern Ireland Policing Board and the Chief Constable are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to examine, certify and report on the financial statements in accordance with the Police (Northern Ireland) Act 2000 as amended by the Police (Northern Ireland) Act 2003 and the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010.

I am required to obtain 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

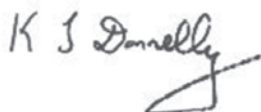
Matters on which I report by exception

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; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Report

I have no observations to make on these financial statements.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU
27 June 2018

POLICE SERVICE OF NORTHERN IRELAND
ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 MARCH 2018

**STATEMENT OF COMPREHENSIVE NET EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2017-18 £000	*restated 2016-17 £000
Income:			
Income from activities	5	<u>(10,667)</u>	<u>(10,643)</u>
Total operating Income		<u>(10,667)</u>	<u>(10,643)</u>
Expenditure:			
Staff Costs	4	521,950	521,768
Depreciation, impairment charges and write off	4	39,881	37,188
Provision Expense	4	22,506	15,539
Other Operating Expenses	4	<u>143,515</u>	<u>154,909</u>
Total operating expenditure		727,852	729,404
Net operating expenditure for the Year		<u>717,185</u>	<u>718,761</u>
Corporation Tax		<u>53</u>	<u>75</u>
Net expenditure for the Year		<u>717,238</u>	<u>718,836</u>
Other Comprehensive Net Expenditure			
Net Gain on Revaluation of Property, Plant & Equipment	6	(12,699)	(22,386)
Net Gain on Revaluation of Intangibles	7	(81)	(290)
Actuarial (Gain)/ Loss	13	<u>(82,530)</u>	<u>87,710</u>
Comprehensive net expenditure for the year		<u>621,928</u>	<u>783,870</u>

The notes on pages 90 to 122 form part of this account

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

		2018	2017
		£000	£000
	Note		
Non-current assets:			
Property, plant & equipment	6	616,223	616,506
Intangible assets	7	<u>5,703</u>	<u>5,454</u>
Total non-current assets		<u>621,926</u>	<u>621,960</u>
Current assets:			
Assets classified as held for sale	8	3,790	2,120
Inventories	9	4,782	4,538
Trade and other receivables	10	28,185	25,199
Cash and cash equivalents	11	<u>4,687</u>	<u>2,942</u>
Total current assets		<u>41,444</u>	<u>34,799</u>
Total assets		<u>663,370</u>	<u>656,759</u>
Current liabilities:			
Trade and other payables	12	(90,596)	(90,458)
Provisions	13	<u>(39,560)</u>	<u>(40,567)</u>
Total current liabilities		<u>(130,156)</u>	<u>(131,025)</u>
Total assets less current liabilities		<u>533,214</u>	<u>525,734</u>
Non-current liabilities:			
Provisions	13	<u>(507,259)</u>	<u>(602,255)</u>
Total non-current liabilities		<u>(507,259)</u>	<u>(602,255)</u>
Total assets less total liabilities		<u>25,955</u>	<u>(76,521)</u>
Taxpayers' equity and other reserves:			
Revaluation Reserve		198,368	187,410
General Reserve		<u>(172,413)</u>	<u>(263,931)</u>
Total Equity		<u>25,955</u>	<u>(76,521)</u>

The notes on pages 90 to 122 form part of this account.

The financial statements on pages 86 to 122 were approved by the PSNI on 22 June 2018 and were signed on its behalf by:



George Hamilton
Chief Constable
Police Service of Northern Ireland
22 June 2018

POLICE SERVICE OF NORTHERN IRELAND
ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 MARCH 2018

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

		2017-18	*restated
		£000	2016-17
	Note		£000
Cash flows from operating activities:			
Net Expenditure		(717,238)	(718,836)
Adjustments for non-cash transactions	4,5	62,345	51,924
(Increase)/Decrease in trade and other receivables	10	(2,985)	13,515
Increase in trade and other payables	12	6,202	4,031
(Increase)/Decrease in Inventories	9	(244)	146
Use of Provisions	13	(35,979)	(37,908)
Movement relating to Capital Payables		<u>(5,509)</u>	<u>(2,552)</u>
Net cash outflow from operating activities		(693,408)	(689,680)
Cash flows from investing activities:			
Purchase of property, plant & equipment	6	(23,185)	(30,068)
Purchase of intangible assets	7	(1,010)	(871)
Proceeds on Assets Held for resale	8	800	1,790
Proceeds of disposal of plant, property & equipment	6	<u>208</u>	<u>117</u>
Net cash outflow from investing activities		(23,187)	(29,032)
Cash flows from financing activities:			
Grant from Sponsoring department		<u>724,404</u>	<u>719,009</u>
Net financing		724,404	719,009
Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund			
		7,809	297
Receipts due to the Consolidated Fund which are outside the scope of the PSNI's activities			
		2,900	884
Payments of amounts due to the Consolidated Fund			
		(8,964)	-
Net increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund			
		1,745	1,181
Cash and cash equivalents at the beginning of the period			
		2,942	1,761
Cash and cash equivalents at the end of period			
		4,687	2,942

The notes on pages 90 to 122 form part of this account

**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	General Reserve £000	Revaluation Reserve £000	Taxpayer's Equity £000
Balance at 31 March 2016	<u>(176,587)</u>	<u>164,926</u>	<u>(11,661)</u>
Transfers between reserves	193	(193)	-
Actuarial Loss	(87,710)	-	(87,710)
Comprehensive net expenditure for the year	(718,836)	22,677	(696,159)
Grant from Sponsoring Entity	<u>719,009</u>	<u>-</u>	<u>719,009</u>
Balance at 31 March 2017	<u>(263,931)</u>	<u>187,410</u>	<u>(76,521)</u>
Transfers between reserves	1,822	(1,822)	-
Actuarial Gain	82,530	-	82,530
Comprehensive net expenditure for the year	(717,238)	12,780	(704,458)
Grant from Sponsoring Entity	<u>724,404</u>	<u>-</u>	<u>724,404</u>
Balance at 31 March 2018	<u>(172,413)</u>	<u>198,368</u>	<u>25,955</u>

The notes on pages 90 to 122 form part of this account.

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 MARCH 2018

1. STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2017-18 Government Financial Reporting Manual (FReM) issued by the DoF. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or Interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate for the PSNI and giving a true and fair view has been selected. The particular policies adopted by the PSNI are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories. The main accounting policies adopted by the PSNI are summarised below.

1.2 Income

This is income which relates mainly to the operational activities of the organisation. Operating income is earned principally from the issue of Firearms Licences, Refunds & Contributions, Rental Income, Income earned from the Barracuda system and for the safety camera scheme. Income earned from the Home Office through the Assets Recovery Incentivisation Scheme (ARIS) and monies seized through the proceeds of crime act are also included.

PSNI also receives income from fixed penalties relating to speeding and red-light running detection activity. Following direction from HM Treasury the surplus of income over expenditure that has accrued in relation to these monies is shown as owing to the consolidated fund and disclosed separately within note 12 and note 20. The comparatives for income and expenditure relating Driver Awareness Course fees have been restated and shown in notes 2,4 and 5.

Income is stated on an Accruals basis, in accordance with FReM and is stated net of VAT. PSNI complies with the charging guidelines as laid down by the National Police Chiefs Council (NPCC).

1.3 Property, Plant and Equipment

Property, Plant and Equipment comprise Land, Buildings, IT and Communications, Plant and Equipment, Vehicles and Aircraft, and Assets in the Course of Construction.

Expenditure is capitalised on property, plant and equipment that exceeds £5,000 for an individual asset, or £1,000 for an asset forming part of a significant asset group. The majority of firearms are not capitalised as they fall outside these threshold limits.

On initial recognition assets are measured at cost including any costs required to bring them into working condition. Items classes as ‘Assets in the Course of Construction’ are recognised in the Statement of Financial Position, to the extent money has been or a liability has been recognised. In compliance with IAS 16 Property, Plant and Equipment, subsequent expenditure on an asset which does not meet the criteria of an enhancement or an improvement is treated as revenue. All Property, Plant and Equipment are reviewed annually for impairment and are carried at fair value. Fair value is usually determined from market-based evidence by appraisal undertaken by professional valuers. This appraisal is undertaken by Land & Property Services (LPS) on behalf of PSNI. LPS is an “External Valuer” as defined by the RICS Professional Valuation Standards. A complete valuation of the Police Estate was last completed in January 2015, a rolling valuation is undertaken each year to ensure that the full Estate will be valued every five years.

The basis of valuation applied is governed by the RICS Valuation standards. Due to the nature of the PSNI property portfolio the following basis of valuation are applied. Operational Specialised assets, such as Police Stations, are valued at Depreciated Replacement Cost (DRC). Operational Non-Specialised Assets, such as Offices, are valued at market value based on existing use.

In accordance with IFRS, PSNI has secured an independent and professional valuation from Land & Property Services. They summarised each Land and Buildings asset into its constituent parts or components and they outlined their respective remaining lives. From this information, the PSNI calculated component depreciation in accordance with the requirements of IFRS. In compliance with IFRS disclosure requirements, separate disclosure is attributed to Dwellings (under Land & Buildings).

Non property assets are valued at fair value, using indices supplied by the Office for National Statistics.

Upward revaluations are credited to the Revaluation Reserve and permanent reductions in the value of property, plant and equipment are charged to the Statement of Comprehensive Net Expenditure. Any subsequent revaluation of assets is credited to the Statement of Comprehensive Net Expenditure to the extent that it reverses previous revaluation decreases recognised as an expense.

1.4 Depreciation

Property, plant and equipment are depreciated at cost or re-valued amount at fixed rates on a straight line basis over the estimated useful lives of the assets. Assets in the course of construction are not depreciated until the asset is brought into use and transferred to the relevant asset group. Depreciation rates are as follows:

Buildings	up to 50 years
Plant and Equipment	5 to 40 years
Vehicles	4 to 10 years
IT and Communications	3 to 10 years
Aircraft	10 to 20 years
Intangible Assets	3 years or life of purchased licence

Buildings are depreciated using the componentisation method. Componentisation is the breakdown of buildings into the constituent parts. The constituent parts are then depreciated based on their individual value and estimated useful life. Land is not depreciated.

1.5 Intangible Assets

The PSNI has classified expenditure on software licences and general information software technology costing more than £5,000 as Intangible Assets. Software licences are included at cost and principally amortised over a 3 year period or the life of the licence purchased which is estimated to be their useful economic life. Intangibles are revalued annually using indices provided by the Office for National Statistics.

1.6 Non-Current Assets Held for Sale

The PSNI has classified non-current assets as Held for Sale where their carrying amount will be recovered through sale rather than through continuing use. The condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale and it should be expected to be completed or realised within one year from the date of classification.

Such assets classified as Held for Sale are measured at the lower of carrying amount and fair value, costs of sale for these assets have been provided for separately due to the specialised nature of the assets. These decommissioning costs are set out in note 13. Depreciation is not charged once an asset has been classified as Held for Sale, any downward revaluation or impairment of non-current assets Held for Sale is charged to the Statement of Comprehensive Expenditure.

1.7 Financial Instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognised when, and only when the entity becomes party to the contractual provisions of the instrument. A previously recognised financial asset is derecognised when and only when the contractual rights to the cash flows from the asset expire, or the entity transfers the asset such that the transfer qualified for derecognition. A financial liability is derecognised when, and only when it is extinguished.

The PSNI annually assesses whether a financial asset or group of assets are impaired. Where there is independent evidence that an impairment loss below historical cost has occurred, the carrying amount is reduced with the loss being recognised in the Statement of Comprehensive Expenditure.

Financial instruments are initially recognised at fair value unless otherwise stated. Fair value is the amount at which an instrument could be exchanged in an arm's length transaction between informed and willing parties.

PSNI categorises the following balances to be financial instruments:

Trade and Other Receivables:

Financial Assets within trade and other receivables are initially recognised a fair value, which is usually the original invoiced amount and subsequently carried at amortised cost using the effective method less provisions for doubtful receivables. Provisions are made specifically where there is objective evidence of a dispute or inability to pay.

Cash and Cash Equivalents:

Cash and cash equivalents comprise cash in hand and current balances with banks which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

Trade and Other Payables:

Financial liabilities within trade and other payables are initially recognised at fair value, which is usually the original invoiced amount and subsequently carried at amortised cost using the effective interest method.

Risk Management:

The PSNI is not exposed to the same degree of financial risk faced by business entities. This is due to the organisation being essentially a non-trading entity and financed as a Non Departmental Public Body. It has no powers to borrow or invest in surplus funds and has limited year end flexibility. It is therefore exposed to little liquidity, currency or market risks. The PSNI does not hold any complex financial instruments and there is no impact on the financial risk of the organisation.

1.8 Pension Costs

Pension benefits are provided through the following defined benefit pension schemes. Police Staff are members of the Principal Civil Service Pension Scheme (NI), (PCSPS (NI)) which is an unfunded defined benefit scheme. The PCSPS (NI) produces its own resource accounts but PSNI is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012 and details of this valuation are available in the PCSPS (NI) Resource Accounts.

Police officers are members of the existing PSNI Police Pension Scheme or the New Police Pension Scheme, introduced from 6 April 2006. PSNI contributes a percentage of pensionable earnings towards its employees superannuation, at the Accruing Superannuation Liability Charge (ASLC) rates, determined by the Government Actuary's Department and advised by HM Treasury.

A separate account is prepared showing details of the PSNI Police Pension Schemes.

1.9 Value Added Tax

Income and expenditure is shown exclusive of Value Added Tax, which in most cases is recoverable from HM Revenue and Customs, in accordance with the Value Added Tax Act 1994. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets.

1.10 Corporation Tax

The PSNI has had to register for corporation tax effective from April 2015. Corporation tax is calculated on any profits generated from the sale of assets, or through the use or rental of surplus properties. PSNI has no trading income.

1.11 Inventory

Inventory is stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate.

1.12 Provisions

PSNI provide for legal or constructive obligations which are of uncertain timing or amount at the reporting date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk adjusted cash flows have been discounted as set out in HM Treasury PES (2015) 08. The following provisions are included in the PSNI Statement of Financial Position.

1.13 Provisions for Severance Programmes

Provision is made for the costs of providing severance payments to Police Officers leaving the organisation under the Voluntary Severance or Full Time Reserve programmes based on anticipated numbers of leavers, their age and length of service. This provision has been fully utilised and no further severance payments will be made going forward.

1.14 Provision for Compensation Claims

A provision for compensation claims are charged against net expenditure when it is assessed that a liability is likely to arise, based on average amounts paid in respect of each category of claim.

1.15 Provision for Injury Awards

Injury awards are valued under International Accounting Standard (IAS) 19 Employee Benefits by GAD. As such the provision is made for the costs of providing injury awards to Police Officers based on the current number of injury awards and also on estimated life expectancy of these pensioners. The provision also contains an estimate of possible future awards for current members. The liability is measured on an actuarial basis by the Government Actuary's Department (GAD).

1.16 Provision for Decommissioning Costs on Assets Held for Resale

Provision is made for decommissioning costs of those assets identified as Assets Held for Resale (AHFS). The provision will be utilised when actual costs are incurred on disposal.

1.17 Miscellaneous Provisions

PSNI Uniform Contract:

As part of a managed service contract, PSNI has agreed to purchase any obsolete uniforms that are in possession of the contractor at the end of the contract. PSNI has estimated the amount of uniforms which may need to be purchased back, based on usage levels. The organisation has provided in full for this amount.

Early Retirement Costs:

PSNI has provided for the future obligations arising from staff being provided with Early Retirement under the Principal Civil Service Pension Scheme.

1.18 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, PSNI discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with the requirements of Managing Public Money Northern Ireland. Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly.

1.19 Leases

Finance Leases:

Leases of property, plant and equipment where PSNI holds substantially all the risks and rewards of ownership are classified as finance leases. PSNI did not hold any finance leases during 2017-18.

Operating Leases:

Leases where substantially all of the risks and rewards are held by the lessor are classified as operating leases. Rentals paid under operating leases are charged to the net expenditure account on a straight line basis over the term of the lease. In compliance with IAS 17 Leases, operating leases have been split between Land and Buildings and Other with all future commitments reported.

1.20 Employee Benefits and Staff Costs

In compliance with IAS 19 Employee Benefits, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the costs of any untaken leave as at the reporting date. The cost of untaken leave has been determined from a sample of staff leave records. The PSNI has recognised, recorded and expensed all relevant staff costs as soon as it is obligated to honour them.

1.21 Critical Accounting Estimates and Key Judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the PSNI's accounting policies. We continually evaluate our estimates, assumptions and judgments based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. There were no other material changes to accounting estimates and methodology adopted by the PSNI in preparing these accounts.

The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts are discussed below.

Depreciation of property, plant and equipment and Amortisation of intangible assets:
Depreciation and amortisation is provided in the accounts so as to write-down the respective assets to their residual values over their expected useful lives and as such the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are as shown in Note 1.4.

Impairment and Revaluation of property, plant and equipment:

Where there is an indication that the carrying value of items of property, plant and equipment may have been impaired through events or changes in circumstances, a review will be undertaken of the recoverable amount of that asset. Revaluations of Property and PSNI Aircraft are based on the assessment of independent experts, while all other assets are revalued using details of indices as published by the Office for National Statistics.

Injury on duty awards - life expectancy:

Provision is made for the costs of providing injury awards to Police Officers based on the current number of injury awards and also on estimated life expectancy of these pensioners. The liability is measured on an actuarial basis by the Government Actuary's Department (GAD). Injury awards are valued under International Accounting Standard (IAS) 19 Employee Benefits by GAD.

Provisions for litigation claims and miscarriages of justice:

The decision to provide for, and the amounts provided for, compensation claims and associated legal costs is based on legal advice using the best estimate of the outcome of each case (the likely compensation and legal costs payable) from an assessment of the latest information.

1.22 Segmental Report

Under the requirements of IFRS 8 Operating Segments, PSNI must disclose information to enable users of the financial statements to evaluate the nature and financial effects of the business in which it engages and the economic environment in which it operates. 'Total Assets' are only required to be disclosed in reporting segments where total assets for segments are regularly reported to the chief operating decision maker. As total assets for segments are not regularly reported to the chief operating decision maker PSNI has adopted this amendment. The amendment does not have a material impact on PSNI's financial statements. Full details of the reporting segments are contained within Note 3.

1.23 Police Fund

The Police Fund is a separate scheme administered by the PSNI in conjunction with the RUC Benevolent Fund. It was established by regulations under section 28 of the Police Act (NI) 1970 which consist of PSNI Grant and fines imposed on police officers as a result of disciplinary action. This together with investment income is applied by PSNI for the welfare of police officers and their dependants.

As from the 1 April 2005, the Police Fund has been treated as a Mutual Trust and is liable for corporation tax on interest and loan investment income. Due to the limited income received by the Fund, HMRC have marked the Fund as dormant from February 2014, this status is still applicable and no corporation tax is due in the 2017-18 year. Note 21 provide details of the performance of this fund for the 2017-18 financial year.

1.24 Police Property Fund

The Police Property Fund is a separate fund, administered by PSNI and established by regulations under section 2 of the Police (Property) Act 1987. It comprises unclaimed receipts arising from criminal investigations by the PSNI, which the Policing Board donate to charities. The Police Property Fund does not hold a separate bank account, but rather utilises the banking arrangements of the PSNI. Note 22 provides details of the performance of this fund for the 2017-18 financial year.

1.25 Accounting standards, interpretations and amendments to published standards adopted in the year ended 31 March 2018

PSNI has reviewed the standards, interpretations and amendments to published standards that became effective during 2017-18 and which are relevant to its operations. These did not have an impact on the PSNI statements for the 2017-18 year.

1.26 Third Party Assets

Third party assets are assets for which the PSNI acts as a custodian or trustee, but in which neither the PSNI nor Government more generally has a direct beneficial interest in them. Third party assets are not public assets, and hence are not recorded in the primary financial statements. In the interests of general disclosure and transparency, details of PSNI third party assets are provided in note 24. These are not recognised in the financial statements as the PSNI does not have a direct beneficial interest in them.

1.27 Accounting standards, interpretations and amendments to published standards not yet effective.

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2018 or later periods, but which the PSNI has not adopted early. Other than as outlined below, the PSNI considers that these standards are not relevant to its operations.

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Standard	Description of revision	Application date	Comments
IFRS 16 - <i>Leases</i> (IAS 17 <i>Leases</i> replacement) (new)	<p>IFRS 16 has been developed by the IASB with the aim of improving the financial reporting of leasing activities in light of criticisms that the previous accounting model for leases failed to meet the needs of users of financial statements.</p> <p>IFRS 16 largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This is a significant change in lessee accounting.</p>	1 January 2019 (not yet EU adopted)	The application of IFRS 16 is subject to further review by HM Treasury and the other Relevant Authorities before due process consultation.

2. PRIOR YEAR ADJUSTMENT

Prior year adjustments have been made relating to Income and Expenditure.

A change in policy to show the fee income from driver awareness courses and associated expenditure has been applied to last year's income and expenditure.

A change has been made in income and expenditure disclosures to reflect the change to the categorisation of profits on sale of assets to net off expenditure.

	2016-17 £000	Driver Course Fee Income Adjustment £000	Profit on Sale of Assets Adjustment	2016-17 £000
Income:				
Income from activities	(10,993)	(490)	840	(10,643)
Total operating Income	<u>(10,993)</u>	<u>(490)</u>	<u>840</u>	<u>(10,643)</u>
Expenditure:				
Staff Costs	521,768	-	-	521,768
Depreciation, impairment charges and write off	37,188	-	-	37,188
Provision Expense	15,539	-	-	15,539
Other Expenditures	155,259	490	(840)	154,909
Total operating expenditure	<u>729,754</u>	<u>490</u>	<u>(840)</u>	<u>729,404</u>
Net operating expenditure for the Year	<u>718,761</u>	=	=	<u>718,761</u>
Corporation Tax	75	-	-	75
Net expenditure for the Year	<u>718,836</u>	=	=	<u>718,836</u>
Other Comprehensive Net Expenditure				
Net gain on Revaluation of Property, Plant & Equipment	(22,386)	-	-	(22,386)
Net gain on Revaluation of Intangibles	(290)	-	-	(290)
Actuarial loss	87,710	-	-	87,710
	<u>65,034</u>	=	=	<u>65,034</u>
Comprehensive net expenditure for the year	<u>783,870</u>	=	=	<u>783,870</u>

3. STATEMENT OF OPERATING COSTS BY SEGMENT FOR THE YEAR ENDED 31 MARCH 2018

Operating Segments 2017-18:	District Policing	Other Frontline Policing	Infrastructure Support Costs	Other Costs	Total
	£000's	£000's	£000's	£000's	£000's
Gross expenditure	255,532	219,062	192,711	60,596	727,905
Income	<u>(767)</u>	<u>(4,902)</u>	<u>(4,998)</u>	<u>(-)</u>	<u>(10,667)</u>
Net Expenditure	<u>254,765</u>	<u>214,160</u>	<u>187,714</u>	<u>60,596</u>	<u>717,238</u>

*restated

Operating Segments 2016-17:	District Policing	Other Frontline Policing	Infrastructure Support Costs	Other Costs	Total
	£000's	£000's	£000's	£000's	£000's
Gross expenditure	279,282	226,556	171,719	51,922	729,479
Income	<u>(747)</u>	<u>(5,331)</u>	<u>(4,564)</u>	<u>(1)</u>	<u>(10,643)</u>
Net Expenditure	<u>278,535</u>	<u>221,225</u>	<u>167,155</u>	<u>51,921</u>	<u>718,836</u>

In compliance with IFRS8, a segmental report has been included. Segments are determined based on the internal reports used by management for decision making, and include the following;

District Policing:

This segment combines the directly attributable costs of North, South and Belfast Areas. It delivers a significant portion of operational policing services within Northern Ireland and is comprised of the geographically diverse eleven District's.

Other Front-line Policing:

This represents the directly attributable costs for both Crime Operations and Organisational Support departments. Crime Operations includes Reactive Crime, Serious Crime, Intelligence, Specialist Operations and Public Protection. Organisational Support department provides a wide range of operational support to the PSNI in the delivery of front-line policing services including Statistics, Close Protection, Information Assurance and Records Management.

Infrastructure Support Costs:

This segment combines the costs of the main departments and branches which support District and other Front Line Policing services. They include Finance & Support Services, Human Resources, Legal Services, Legacy and Justice, Corporate Communications, Executive Support, Professional Standards and other outsourced services.

Other Costs:

This segment includes Non-Cash costs, including Depreciation and Permanent Diminution and Movement in Provisions (Net pension costs are excluded).

There have been no material changes from prior years in respect of how PSNI identifies its segments.

Any information in respect of fees and charges is provided for information purposes only. There are no transactions undertaken between reportable segments and PSNI places no reliance on income from any major customers.

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4. EXPENDITURE	2017-18	*restated 2016-17
	£000	£000
Wages and Salaries	404,260	404,742
Social Security Costs	43,619	43,186
Other Pension Costs	<u>74,071</u>	<u>73,840</u>
A breakdown of the above costs into permanent staff and others can be found in the Remuneration and Staff Report on page 77.	521,950	521,768
Other Expenditures	30,483	40,738
Contracted Out	16,463	16,712
Forensics services	9,358	9,615
Accommodation services	36,177	36,473
IT & communications	31,713	32,360
Transport	11,769	11,541
Travel, subsistence & relocation	5,987	6,651
Charges for operating leases: property	1,395	1,397
Charges for operating leases: photocopiers	27	-
Hospitality	103	146
Audit fees	82	79
Profit on Disposal of Non Current Assets	<u>(42)</u>	<u>(803)</u>
	143,515	154,909
Non cash items:		
Capital Grant of Land	1,800	-
Depreciation & Amortisation	34,356	35,045
Impairment	3,754	1,590
Write Off	<u>(29)</u>	<u>553</u>
	39,881	37,188
Cost of Borrowing on provisions	16,331	18,209
Increase in Provision	7,647	(331)
Provision not utilised	<u>(1,472)</u>	<u>(2,339)</u>
	22,506	15,539
Total	<u>727,852</u>	<u>729,404</u>
 5. INCOME		
	2017-18	2016-17
	£000	£000
Fees for firearms certificates, permits & accident reports	1,714	1,789
Police Transport	-	54
Asset recovery/HQ Incentivisation scheme	611	567
Refunds & Contributions	3,460	3,763
NI Road Safety Partnership	1,055	1,060
EU Income	164	267
Bad Debt	23	-
Other	<u>3,640</u>	<u>3,143</u>
Total	<u>10,667</u>	<u>10,643</u>

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6. PROPERTY, PLANT AND EQUIPMENT

2017-2018	Land £000	Buildings £000	IT and Comms. £000	Plant and Equip £000	Vehicles and Aircraft £000	Assets in Course of Construction £000	Total £000
Cost or Valuation:							
At 1 April 2017	58,009	618,760	120,870	15,347	120,020	36,003	969,009
Additions	425	972	2,652	49	672	23,924	28,694
Disposals	(100)	-	(1,992)	(49)	(237)	-	(2,378)
Capital Grant of Land	(1,800)	-	-	-	-	-	(1,800)
Assets Held for Sale	(2,620)	-	-	-	-	-	(2,620)
Reclassifications	-	1,233	12,377	553	3,656	(17,744)	75
Revaluation adjustment*	-	-	1,854	(2,044)	(441)	1,170	539
Indexation	1,792	5,373	1,810	247	4,964	-	14,186
Impairments to SoCNE	230	(3,893)	715	-	37	-	(2,911)
Write off from AICC to SoCNE	-	-	-	-	-	29	29
At 31 March 2018	<u>55,936</u>	<u>622,445</u>	<u>138,286</u>	<u>14,103</u>	<u>128,671</u>	<u>43,382</u>	<u>1,002,823</u>
Depreciation:							
At 1 April 2017	-	197,742	95,822	9,372	49,567	-	352,503
Charged in Year	-	15,278	8,261	898	9,153	-	33,590
Disposals	-	-	(1,991)	(47)	(218)	-	(2,256)
Assets Held for Sale	-	-	-	-	-	-	-
Revaluation adjustment*	-	-	(350)	96	1,096	-	842
Indexation	-	(2,807)	1,340	177	2,472	-	1,182
Impairments to SoCNE	-	-	705	-	34	-	739
At 31 March 2018	<u>-</u>	<u>210,213</u>	<u>103,787</u>	<u>10,496</u>	<u>62,104</u>	<u>-</u>	<u>386,600</u>
Carrying amount							
At 31 March 2018	<u>55,936</u>	<u>412,232</u>	<u>34,499</u>	<u>3,607</u>	<u>66,567</u>	<u>43,382</u>	<u>616,223</u>
At 31 March 2017	<u>58,009</u>	<u>421,018</u>	<u>25,048</u>	<u>5,975</u>	<u>70,453</u>	<u>36,003</u>	<u>616,506</u>
Asset Financing:							
Owned	<u>55,936</u>	<u>412,232</u>	<u>34,499</u>	<u>3,607</u>	<u>66,567</u>	<u>43,382</u>	<u>616,223</u>
Carrying Amount At 31 March 2018	<u>55,936</u>	<u>412,232</u>	<u>34,499</u>	<u>3,607</u>	<u>66,567</u>	<u>43,382</u>	<u>616,223</u>

*An adjustment was made to the fixed asset balances to correct an historic error and bring the cost and depreciation balances back in line with the PSNIs Fixed Asset Database. These items have been shown as a revaluation adjustment above, with the corresponding movements being taken through reserves.

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6. PROPERTY, PLANT AND EQUIPMENT

2016-2017	Land	Buildings	IT and Comms.	Plant and Equip	Vehicles and Aircraft	Assets in Course of Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation:							
At 1 April 2016	57,169	581,556	124,574	14,078	111,682	28,596	917,655
Additions	833	398	254	29	1,662	29,442	32,618
Disposals	-	-	(3,613)	(97)	(1,031)	-	(4,741)
Assets Held for Sale	(845)	-	-	-	-	-	(845)
Reclassifications	-	13,302	2,594	948	4,619	(21,482)	(19)
Revaluations	880	24,601	(6,392)	-	-	-	19,089
Indexation	-	-	4,031	364	3,071	-	7,466
Impairments to SoCNE	(28)	(1,097)	(578)	25	17	-	(1,661)
Write off from AICC to SoCNE	-	-	-	-	-	(553)	(553)
At 31 March 2017	<u>58,009</u>	<u>618,760</u>	<u>120,870</u>	<u>15,347</u>	<u>120,020</u>	<u>36,003</u>	<u>969,009</u>
Depreciation:							
At 1 April 2016	-	177,039	94,392	8,234	39,198	-	318,863
Charged in Year	-	15,288	7,384	980	10,255	-	33,907
Disposals	-	-	(3,610)	(94)	(962)	-	(4,666)
Assets Held for Sale	-	-	-	-	-	-	-
Revaluations	-	5,415	(6,101)	-	-	-	(686)
Indexation	-	-	3,562	231	1,060	-	4,853
Impairments to SoCNE	-	-	195	21	16	-	232
At 31 March 2017	<u>-</u>	<u>197,742</u>	<u>95,822</u>	<u>9,372</u>	<u>49,567</u>	<u>-</u>	<u>352,503</u>
Carrying amount							
At 31 March 2017	<u>58,009</u>	<u>421,018</u>	<u>25,048</u>	<u>5,975</u>	<u>70,453</u>	<u>36,003</u>	<u>616,506</u>
At 31 March 2016	<u>57,169</u>	<u>404,517</u>	<u>30,182</u>	<u>5,844</u>	<u>72,484</u>	<u>28,596</u>	<u>598,792</u>
Asset Financing:							
Owned	<u>58,009</u>	<u>421,018</u>	<u>25,048</u>	<u>5,975</u>	<u>70,453</u>	<u>36,003</u>	<u>616,506</u>
Carrying Amount At 31 March 2017	<u>58,009</u>	<u>421,018</u>	<u>25,048</u>	<u>5,975</u>	<u>70,453</u>	<u>36,003</u>	<u>616,506</u>

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7. INTANGIBLE ASSETS:

	£000
Cost or valuation:	
At 1 April 2017	15,939
Additions	1,010
Disposals	(1,045)
Revaluation	(58)
Indexation	450
Impairments to SoCNE	-
Reclassifications	<u>(75)</u>
at 31 March 2018	<u>16,221</u>
Amortisation:	
At 1 April 2017	10,485
Charged in year	734
Disposals	(1,045)
Revaluation	-
Indexation	312
Impairments to SoCNE	-
Write Backs	<u>32</u>
at 31 March 2018	<u>10,518</u>
Carrying amount as at 31 March 2018	<u>5,703</u>

	£000
Cost or valuation:	
At 1 April 2016	14,036
Additions	871
Disposals	-
Revaluation	-
Indexation	749
Impairments to SoCNE	264
Reclassifications	<u>19</u>
at 31 March 2017	<u>15,939</u>
Amortisation:	
At 1 April 2016	8,654
Charged in year	1,136
Disposals	-
Revaluation	-
Indexation	458
Impairments to SoCNE	236
Write Backs	<u>1</u>
at 31 March 2017	<u>10,485</u>
Carrying Amount as at 31 March 2017	<u>5,454</u>

Software licences are included at cost and principally amortised over a 3 year period which is estimated to be their useful economic life.

8. ASSETS CLASSIFIED AS HELD FOR SALE

IFRS 5 requires that non-current assets classified as held for sale must be disclosed separately from other assets in the Statement of Financial Position. The value of these assets are determined as set out in note 1.6.

	Land & Buildings 2017-18 £000s	Land & Buildings 2016-17 £000s
Opening Balance 1 April	2,120	2,030
Transferred from land & buildings	2,620	845
Disposals	(845)	(1,030)
Impairment	<u>(105)</u>	<u>275</u>
Closing Balance 31 March	3,790	2,120

Disposal proceeds of £800k were received in 2017-18 (£1,790k 2016-17) in respect of assets disposed. A loss of £45k (£760k profit 2016-17) was noted due to fluctuations in the current property market.

The breakdown of assets currently classified as held for sale are:

Year Ended 31 March 2017			
Donegall Pass	450	Craigavon	825
Downpatrick	350	Crawfordsburn	495
Total		Total	2,120
Year Ended 31 March 2018			
Craigavon	720	Maghera	250
Desertcreat	2,000	Portadown	120
Donegall Pass	450	Willowfield	250
Total		Total	3,790

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	2017-18	2016-17
	£000	£000
9. INVENTORIES		
General stores	2,585	2,552
Transport Services stores	1,080	855
Heating oil	412	450
Petrol and diesel	<u>705</u>	<u>681</u>
Total	<u>4,782</u>	<u>4,538</u>

	2017-18	2016-17
	£000	£000
10. TRADE RECEIVABLES, FINANCIAL AND OTHER ASSETS:		
Prepayments and accrued income	7,110	5,489
Trade receivables	2,332	1,917
Contributions due from the Pensions Scheme	11,564	11,812
HMRC VAT Receivable	6,637	5,247
Other receivables	<u>542</u>	<u>734</u>
Total	<u>28,185</u>	<u>25,199</u>

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11. CASH AND CASH EQUIVALENTS	2017-18	2016-17
	£000	£000
Balance at 1 April	2,942	1,761
Net change in cash & cash equivalent balances	<u>1,745</u>	<u>1,181</u>
Balance at 31 March	<u>4,687</u>	<u>2,942</u>

All cash held in commercial bank accounts.

12. TRADE PAYABLES AND OTHER CURRENT LIABILITES	2017-18	2016-17
	£000	£000
Trade payables	13,138	5,492
Trade accruals and Deferred Income	40,267	42,327
Taxation & social security	12,691	12,181
Employee Benefit Accrual	9,121	11,534
Monies owed to the PSNI Pension Scheme	1,785	938
Advance Severance Payments for Leavers	83	78
Payroll accrual	11,218	9,364
NI Consolidated Fund Extra Receipts	250	6,314
Other payables	<u>2,043</u>	<u>2,230</u>
Total	<u>90,596</u>	<u>90,458</u>

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13a. PROVISIONS FOR LIABILITIES AND CHARGES:

	Severance £000's	Compensation £000's	Injury Awards £000's	Decommissioning Costs £000's	Misc £000's	Total £000's
At 1 April 2017	3	24,206	617,582	754	277	642,822
Utilised in Year	(7)	(5,982)	(29,683)	(293)	(14)	(35,979)
Provision not utilised	-	(1,440)	-	-	(32)	(1,472)
Cost of borrowing	-	(604)	16,940	-	(5)	16,331
Actuarial Gain	-	0	(82,530)	-	-	(82,530)
Movement in provisions	<u>4</u>	<u>3,494</u>	<u>4,000</u>	<u>149</u>	<u>-</u>	<u>7,647</u>
At 31 March 2018	<u>0</u>	<u>19,674</u>	<u>526,309</u>	<u>610</u>	<u>226</u>	<u>546,819</u>

	Severance £000's	Compensation £000's	Injury Awards £000's	Decommissioning Costs £000's	Misc £000's	Total £000's
At 1 April 2016	477	40,437	536,057	58	452	577,481
Utilised in Year	(133)	(9,353)	(28,205)	(153)	(64)	(37,908)
Provision not utilised	(274)	(1,958)	-	-	(107)	(2,339)
Cost of Borrowing	(7)	(626)	18,850	-	(8)	18,209
Actuarial loss	-	-	87,710	-	-	87,710
Movement in Provision	<u>(60)</u>	<u>(4,294)</u>	<u>3,170</u>	<u>849</u>	<u>4</u>	<u>(331)</u>
At 31 March 2017	<u>3</u>	<u>24,206</u>	<u>617,582</u>	<u>754</u>	<u>277</u>	<u>642,822</u>

The above provisions are profiled to show the estimated spend for future periods.

13b. ANALYSIS OF EXPECTED TIMING OF DISCOUNTED FLOWS:

2017-18	Severance £000's	Compensation £000's	Injury Awards £000's	Decommissioning Costs £000's	Misc £000's	Total £000's
Not Later than one year	-	9,410	29,400	610	140	39,560
Later than one year and not later than 5 years	-	9,788	128,697	-	86	138,571
Later than 5 years	<u>-</u>	<u>476</u>	<u>368,212</u>	<u>-</u>	<u>-</u>	<u>368,688</u>
At 31 March 2018	<u>-</u>	<u>19,674</u>	<u>526,309</u>	<u>610</u>	<u>226</u>	<u>546,819</u>

2016-17	Severance £000's	Compensation £000's	Injury Awards £000's	Decommissioning Costs £000's	Misc £000's	Total £000's
Not Later than one year	3	11,501	28,210	754	99	40,567
Later than one year and not later than 5 years	-	12,163	110,510	-	178	122,851
Later than 5 years	<u>-</u>	<u>542</u>	<u>478,862</u>	<u>-</u>	<u>-</u>	<u>479,404</u>
At 31 March 2017	<u>3</u>	<u>24,206</u>	<u>617,582</u>	<u>754</u>	<u>277</u>	<u>642,822</u>

Severance

The Severance provision relates to both the Voluntary and Full Time Reserve (FTR) Severance programmes.

Voluntary Severance Programme

The Secretary of State for Northern Ireland established a Voluntary Severance Scheme for PSNI Regular and FTR Officers in July 2000. The remaining provision is to cover the retraining packages obtained by officers who have left under the severance scheme. This provision has been fully discharged at the end of March 2017.

Full Time Reserve (FTR) Severance Programme

The position on the FTR was highlighted by Patten Recommendation 103, which stated that the future PSNI should not include a Full Time Reserve. The Chief Constable carried out a number of security reviews and all FTR officers were phased out of operational duties in 2012.

The above provision relates to essentially Payments In Lieu (PIL) for FTR officers. This provision has been fully discharged at the end of March 2018.

Compensation Claims

The compensation claim provision is analysed under five categories: injury claims, damage claims, legal fees and hearing loss (Injury & Legal). The following table shows the breakdown of the provision between these categories.

	Injury	Damage	Legal	Hearing Loss – Injury	Hearing Loss – Legal	Total
	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2017	7,309	394	8,142	3,661	4,700	24,206
Utilised in Year	(1,394)	(42)	(2,045)	(1,321)	(1,180)	(5,982)
Provision not utilised	0	0	0	(305)	(1,135)	(1,440)
Costs of Borrowing	(185)	(10)	(207)	(88)	(114)	(604)
Increase in Provision	<u>1,464</u>	<u>(14)</u>	<u>731</u>	<u>582</u>	<u>731</u>	<u>3,494</u>
At 31 March 2018	<u>7,194</u>	<u>328</u>	<u>6,621</u>	<u>2,529</u>	<u>3,002</u>	<u>19,674</u>

At 31 March 2018, there were 2,959 'live' injury or wrongful acts claims and 760 'live' damage to property claims. Associated legal fees are also provided for.

Claims have varying life spans with claims involving personal injury mostly concluded within six years of receipt and claims for damage to property usually being concluded within one or two years of receipt. In deriving the above figures, assumptions have been made relating to the number of outstanding claims likely to

attract compensation, the average claim value for the different claim types and likely timing of settlement. The data assumes that past trends will persist with only marginal fluctuations and any deviations from this pattern may have a material impact on actual claims settled. The provision for years 1-5 have been discounted at the HM Treasury rate of (2.42%).

Injury Awards

Relevant costs are recognised in the organisation's main financial statements. The pension liability relating to injury awards has been valued by the Government Actuary Department (GAD). The valuation was provided to PSNI by GAD for the 12 months to 31 March 2018, and the current Injury on Duty (IOD) provision reflects this position. Injury awards are valued under IAS 19 and as such include an element for active members. The split of the provision is shown below.

	Value at 31 March 2018 £000's	Value at 31 March 2017 £000's
Liability in respect of		
Active Members	35,280	32,460
Pensions in payment (injury awards)	<u>491,029</u>	<u>585,122</u>
Total liability	526,309	617,582

Liabilities for Injury awards are valued on an actuarial basis using the Projected Unit Credit Method. The assumptions proposed by the Government Actuary's Department and agreed with the PSNI in nominal terms are:

- A long term nominal discount rate of 2.55% pa
- A rate of long-term inflation and pensions increases of 2.45% pa

The PSNI's workforce is too small to provide sufficient data from which to draw statistically reliable conclusions for all of the assumptions which are to be made. As such demographic assumptions are derived from aggregate experience across all authorities with officers in the Police Pension Schemes supplemented as necessary by appropriate standard tables.

Expectation of life in years

At 31 March	2018	2017	2016	2015	2014
Males (45 year old future pensioner at age 65)	24.5	25.2	25.1	25.4	25.6
Females (45 year old future pensioner at age 65)	26.1	27.3	27.2	27.9	28.0

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History of Experience gains and losses	Value at 31 March 2018	Value at 31 March 2017
	£000	£000
Experience Gains/(losses) on the scheme liabilities	82,040	(26,200)
Percentage of the liability at the end of year	15.6%	(4.2%)
Total actuarial Gain/ (loss)	82,530	(87,710)
Percentage of the liability at the end of year	15.7%	(14.2%)

Decommissioning Costs

Provision is made for the removal of security items and decommissioning of sites prior to their movement to assets held for sale.

Miscellaneous:

A number of Miscellaneous provisions are included relating to the purchase of excess stock from PSNI Managed Service uniforms supplier and Early Retirement Costs.

	Uniform Stock	Early Retirement	Total
	£000's	£000's	£000's
At 1 April 2017	155	122	277
Utilised in Year	-	(14)	(14)
Provision not utilised	(32)	-	(32)
Cost of borrowing	(2)	(3)	(5)
Increase in Provision	-	-	-
At 31 March 2018	<u>121</u>	<u>105</u>	<u>226</u>

14. CAPITAL COMMITMENTS

Contracted capital commitments at 31 March 2018 not otherwise included in these financial statements.

	2017-18 £000	2016-17 £000
Property Plant & Equipment	14,795	11,830
Intangible Assets	<u>919</u>	<u>3,921</u>
Total	<u>15,714</u>	<u>15,751</u>

15. COMMITMENTS UNDER LEASES

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	2017-18 £000	2016-17 £000
Land:		
Not later than one year	169	157
Later than one year and not later than five	265	266
Later than five years	<u>274</u>	<u>307</u>
Total	<u>708</u>	<u>730</u>
Buildings:		
Not later than one year	212	135
Later than one year and not later than five	401	241
Later than five years	<u>338</u>	<u>275</u>
Total	<u>951</u>	<u>651</u>
Printers:		
Not later than one year	8	32
Later than one year and not later than five	<u>14</u>	<u>22</u>
Total	<u>22</u>	<u>54</u>

16. COMMITMENTS UNDER PRIVATE FINANCING INITIATIVES (PFI) CONTRACTS

The PSNI has no commitments to report under PFI contracts for the financial year 2017-18.

17. OTHER FINANCIAL COMMITMENTS

The PSNI has no other material financial commitments to report for financial year 2017-18. The main financial commitments currently facing the organisation are summarised above.

18. FINANCIAL INSTRUMENTS

In accordance with IAS 39 Financial Instruments, the PSNI has no financial instruments to report during the twelve months to 31 March 2018. As the cash requirements of PSNI are met through Grant in Aid provided by Department of Justice, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with PSNI's expected purchase and usage requirements and the NDPB is therefore exposed to little credit, liquidity or market risk.

19. CONTINGENT LIABILITIES (disclosed under IAS 37)

The PSNI has the following contingent liabilities:

Hearing Loss Cases

The PSNI is named Defendant in a number of claims from current and ex-police officers and police staff for occupational hearing loss. Claims up to May 2018 are reflected in the compensation provision (note 13). Claims have also been received from members/ex-members of the Northern Ireland Prison Service who received firearms training from the RUC/PSNI. However, the number of claims likely to be received in the future is uncertain and cannot be reliably estimated. Each case will be considered on its own merits and any settlement based on the severity of hearing loss.

Holiday Pay

A number of cases have been lodged against the PSNI in respect of contractual overtime forming part of the calculation for holiday pay under article 7 of the working time directive, following the decision in the case of Bear Scotland Limited and Others. PSNI is currently reviewing the frequency, locality, pay and rate of any one who may be entitled to a claim, and is taking a preliminary point to court on the issue of whether police officers are within the definition for the purposes of this claim of "workers". That decision will determine liability and quantum. These actions are ongoing and at this time it is not possible to provide a reliable estimate of any possible liability for PSNI.

20. Consolidated Fund Income

Consolidated Fund income shown in note 4 above does not include any amounts collected by the PSNI where it was acting as agent for the Consolidated Fund rather than as principal.

Within the PSNI trade and other payables there is an element that relates to funding held by PSNI relating to speeding and red-light running detection activity. These monies are managed by PSNI on behalf of the NI Road Safety Partnership (NIRSP) working group. This includes monies from fixed penalties and driver awareness courses. The surplus of this income over expenditure is due for payment to the NI Consolidated Fund as disclosed in note 1.2.

The amounts collected as agent for the Consolidated Fund (which are otherwise excluded from these financial statements) are set out below.

	31 March 2017 £000	Income received £000	Amounts paid over to the NI Consolidated Fund £000	31 March 2018 £000
Amounts held relating to Fine Income	4,221	-	(4,221)	-
Amounts held relating to Fee & Other income	<u>2,093</u>	<u>250</u>	<u>(2,093)</u>	<u>250</u>
Amounts held with regards NIRSP	6,314	250	(6,314)	250
Other income	-	2,650	(2,650)	-
Total	<u>6,314</u>	<u>2,900</u>	<u>(8,964)</u>	<u>250</u>

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21. POLICE FUND

**STATEMENT OF COMPREHENSIVE NET INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	2017-18 £000	2016-17 £000
EXPENDITURE		
Other Expenditure	11.1	9.1
INCOME		
Income from Activities	(4.7)	(8.2)
Other Income	<u>(9.9)</u>	<u>(6.9)</u>
	<u>(14.6)</u>	<u>(15.1)</u>
NET EXPENDITURE	<u>(3.5)</u>	<u>(6.0)</u>

STATEMENT OF FINANCIAL POSITION 31 MARCH 2018

	2017-18 £000	2016-17 £000
NON-CURRENT ASSETS		
Financial Assets	85.0	85.0
CURRENT ASSETS		
Trade and Other Receivables	60.2	56.8
Cash and Cash Equivalents	<u>37.7</u>	<u>37.6</u>
TOTAL CURRENT ASSETS	<u>97.9</u>	<u>94.4</u>
TOTAL ASSETS	<u>182.9</u>	<u>179.4</u>
CURRENT LIABILITIES		
Trade and Other Payables	-	-
Current Liabilities	<u>-</u>	<u>-</u>
ASSETS LESS LIABILITIES	<u>182.9</u>	<u>179.4</u>
TAX PAYERS' EQUITY:		
General Reserve	<u>182.9</u>	<u>179.4</u>
TOTAL	<u>182.9</u>	<u>179.4</u>

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POLICE FUND (CONTINUED)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

	2017-18	2016-17
	£000	£000
CASH FLOW FROM OPERATING ACTIVITIES		
Net Surplus after interest	3.5	6.0
Increase in Trade and Other Receivables	(3.4)	(5.9)
Decrease in Trade Payables	—	—
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>0.1</u>	<u>0.1</u>
CASHFLOW FROM INVESTING ACTIVITIES		
Proceeds on disposal of shares	—	—
NET CASH INFLOW FROM INVESTING ACTIVITIES	<u>—</u>	<u>—</u>
NET FINANCING		
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>0.1</u>	<u>0.1</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>37.6</u>	<u>37.5</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>37.7</u>	<u>37.6</u>

POLICE FUND (CONTINUED)

**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	General Reserve £000	Revaluation Reserve £000	Total Reserves £000
Balance at 31 March 2016	<u>173.4</u>	<u>-</u>	<u>173.4</u>
Changes in Taxpayers' Equity for 2016-17			
Net Operating Surplus	<u>6.0</u>	<u>-</u>	<u>6.0</u>
Balance at 31 March 2017	<u>179.4</u>	<u>-</u>	<u>179.4</u>
Changes in Taxpayers' Equity for 2017-18			
Net Operating Surplus	<u>3.5</u>	<u>-</u>	<u>3.5</u>
Balance at 31 March 2018	<u>182.9</u>	<u>-</u>	<u>182.9</u>

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22. POLICE PROPERTY FUND

**STATEMENT OF COMPREHENSIVE NET EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2018**

	2017-18 £000	2016-17 £000
EXPENDITURE		
Other Expenditure	6.3	3.2
INCOME		
Income From Activities	<u>(198.0)</u>	<u>(34.4)</u>
NET INCOME	<u>(191.7)</u>	<u>(31.2)</u>

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

	2017-18 £000	2016-17 £000
CURRENT ASSETS		
Trade and Other Receivables	397.6	205.9
CURRENT LIABILITIES		
Trade and Other Payables	<u>-</u>	<u>-</u>
ASSETS LESS LIABILITIES	<u>397.6</u>	<u>205.9</u>
TAXPAYERS' EQUITY:		
General Reserve	<u>397.6</u>	<u>205.9</u>

**POLICE SERVICE OF NORTHERN IRELAND
ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 MARCH 2018**

POLICE PROPERTY FUND (CONTINUED)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	2017-18 £000	2016-17 £000
CASH FLOW FROM OPERATING ACTIVITIES		
Net Surplus after interest	191.7	31.2
Increase in Trade and Other Receivables	(191.7)	(31.2)
Decrease in Trade Payables	—	—
NET CASH FLOW FROM OPERATING ACTIVITIES	—	—
NET FINANCING		
NET INCREASE IN CASH AND CASH EQUIVALENTS IN THE PERIOD		
	—	—

**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Total Reserves £000
Balance at 31 March 2016	174.7
Changes in Taxpayers' Equity 2016-2017	
Net Operating Surplus	<u>31.2</u>
Balance at 31 March 2017	<u>205.9</u>
Changes in Taxpayers' Equity 2017-2018	
Net Operating Surplus	<u>191.7</u>
Balance at 31 March 2018	<u>397.6</u>

23. RELATED-PARTY TRANSACTIONS

PSNI is a body of constables as set out in the Police Act, funded through the Policing Board which during the reporting period was a Non Departmental Public Body of the DOJ.

The DOJ is regarded as a related party. During the year PSNI had a number of material transactions with the DOJ and with other government departments and central government bodies. Most of these transactions have been with: the Forensic Science NI; the NI Prison Service (both Executive Agencies of the DOJ); the Land & Property Services (executive agency of the DoF) and the Central Procurement Directorate (DoF).

None of the senior staff of PSNI undertook any transactions during the year with PSNI.

24. THIRD-PARTY TRANSACTIONS

PSNI hold a number of bank accounts and sealed packages which contain evidence or proceeds of criminal activities. As these monies are not assets of the PSNI they are not included in these financial statements.

Following the outcome of investigations or court proceedings, the money is returned or paid to appropriate authorities.

	31 March 2017	Gross Inflows	Gross Outflows	31 March 2018
	£000	£000	£000	£000
Bank Balances and Monetary Sealed Packages held.	<u>4,104</u>	<u>1,700</u>	<u>(1,818)</u>	<u>3,986</u>

Third Party Assets includes £30k held in relation to EU funded programmes. PSNI also holds sealed packages that are unable to be counted for evidential reasons. These amounts are not included in the figures above.

25. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There are no events to report after the reporting period.

The Annual Report and Accounts were authorised by the Chief Constable to be issued on 27 June 2018.



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