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THE POLICE AND CRIME COMMISSIONER FOR DYFED-POWYS

GROUP STATEMENT OF ACCOUNTS



FOR THE YEAR ENDED
31 MARCH 2022



Comisiynydd Heddlu a Throseddu
Dyfed-Powys
Police and Crime Commissioner

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Narrative Report

1. Introduction

The Police Reform and Social Responsibility Act 2011 created two corporations sole within each police Force area, the Commissioner and Chief Constable. Each individual has a clear and separate statutory remit. The Commissioner is publicly elected and therefore, represents the public's voice on policing matters.

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

Mr Dafydd Llywelyn was elected as Commissioner in May 2016 and then re-elected as the third term Commissioner in May 2021.

Mr Mark Collins retired as Chief Constable in March 2021, and given the proximity to the Police and Crime Commissioner elections and the importance of the relationship between the two corporations sole, the Commissioner decided not to progress with the appointment process at that time and temporarily promoted Mrs Claire Parmenter to Temporary Chief Constable in February 2021. A competitive recruitment campaign was launched in June 2021 which saw the successful appointment of Dr Richard Lewis, who took up post in December 2021. Dr Lewis returned to Dyfed- Powys Police after two years as Chief Constable of Cleveland Police.

This narrative report aims to outline the main objectives, strategies, and principal risks that the Commissioner and Chief Constable of Dyfed-Powys face. It provides a commentary on how resources have been used to achieve desired outcomes in line with these objectives and strategies.

It aims to give a fair, balanced, and understandable analysis of financial and operational performance, which can be used to provide context to the financial information included with the financial statements to aid the understanding of the reader. The narrative report will focus on the following areas:

- Organisational Overview and External Environment
- Governance and Performance
- Organisational Model
- Financial Performance
- Risks, Opportunities and the Medium-Term Financial Outlook
- Basis of preparation and presentation

2 Organisational Overview and External Environment

Spanning 4,188 square miles, Dyfed-Powys is the largest Force area in England and Wales. With 13,842 miles of roads, 2 large ports, 350 miles of coastline and vast areas of countryside, the geography presents significant demand and resourcing challenges.



The resident population of 518,062 is spread across extensive rural areas, holiday and market towns as well as more heavily populated areas. The draw of tourism presents unique demands with large numbers of tourists visiting key towns. This presents its own implications for crime, anti-social behaviour and roads policing.

The Welsh language is spoken by 40.9% of Dyfed-Powys residents compared with the national average of 28.4%. Both the Commissioner and Chief Constable are committed to ensuring that the workforce is representative of the communities it serves so that members of the public are, whenever possible, afforded the opportunity to communicate via the medium of Welsh.

Policing is a non-devolved service in terms of the Welsh Government, however much of the work that is undertaken across the four county areas is rightly done in partnership with Local Authorities, Fire Authorities, Local Health Boards and many other partners including the third sector. In addition, Dyfed-Powys also collaborate on an All-Wales basis regarding policing responsibilities including several important services such as Armed Response and responding to the threat of Organised Crime and Terrorism.

There has been much independent commentary over recent years in relation to Police funding, sustainability, resilience and increased financial burdens compounded by a number of one-year grant settlements which have significantly hampered effective medium-term planning. Although some progress has been made, pressures continue to arise from the changing nature of crime and more recently the complex array of financial and economic consequences arising from the Covid-19 pandemic compounded by significant inflationary pressures emerging from world affairs and market conditions.

The Medium Term Financial Plan (MTFP) for 2022/23 further details the array of financial considerations and sets the outlook for the next five years. Further information is provided in section 6 of this narrative report:

<https://www.dyfedpowys-pcc.org.uk/media/11152/2223-mtffp-and-precept-report-for-panel-final.docx>

Against a challenging financial backdrop, demands continue to grow and become increasingly complex. The Force has experienced year on year increases in recorded crime with incidents involving mental ill-health and more complex inquiries into child sexual exploitation and cybercrime. Work continues to improve crime data integrity and the Force's focus on vulnerability over the last

year has realised a positive increase in the reporting and recording of crimes. The service continues to evolve quickly to enable its response to new risks, threats and changes in technology, many of which have required new ways of working.

The Commissioner is responsible for setting the strategic priorities for the Force through the production of a Police and Crime Plan, ensuring business is conducted in accordance with the law and that proper standards are achieved and maintained.

After extensive consultation, the Commissioner published his new Police and Crime Plan in March 2022 and work is ongoing to develop an underpinning performance framework. The plan sets out three priorities and four values which will underpin delivery:

| Priorities | Values |
|--------------------------------------|-------------------|
| Victims are supported | Working Together |
| Harm is prevented | Being Accountable |
| Our justice system is more effective | Being Sustainable |
| | Engaging Widely |

The Chief Constable carried out ‘100-Days of Conversation’ with the workforce, partners and the public prior to agreeing organisational priorities in April 2022. There is a commitment for these to remain in place for the same duration as the Police and Crime Plan meaning that there is a real opportunity to work differently to achieve more, whilst ensuring consistency and clarity of purpose.

| Priorities |
|--|
| Making the Dyfed-Powys area hostile to those that deal drugs |
| The elimination of Domestic Abuse, Stalking and Harassment |
| A compassionate response to victims of rape and serious sexual assault and the relentless pursuit of offenders |

Detailed delivery plans will be developed to underpin the delivery of the Police and Crime Plan and the Chief Constable’s priorities. These plans will take cognisance of the challenging operational and financial environment, the need for continued investment to support sustainable services and the requirement to match resources and assets to meet evolving demands and legislation.

Despite ongoing national and local restrictions associated with the Covid-19 pandemic, policing adapted quickly to enforcing the changing UK and Welsh legislation whilst maintaining service delivery and protecting its workforce.

2021/22 was a busy year with the Force’s officers and staff dealing with a number of high-profile policing events and both significant planned and unplanned operations and incidents:

- Significant operational demand during the summer months as a consequence of increased visitors to the Force area;
- Black Lives Matter and other protests;
- Success in combatting controlled drugs during the Covid-19 pandemic;
- Covid-19 pandemic restrictions – enforcement;
- Increases in reports of Anti-Social Behaviour;
- Provision of mutual aid resources for the UN Climate Change Conference and the G7 Summit.

3 Governance and Performance

Governance

The Governance arrangements by which the Commissioner and Chief Constable operate are complex. These have been critically reviewed over recent years and continue to be strengthened and streamlined to ensure effective organisational management, oversight and scrutiny.

The Joint Corporate Governance Framework sets out the principles, structures and processes by which the Office of the Police and Crime Commissioner and Dyfed-Powys Police will be governed, both jointly and separately, and this is reviewed and updated annually.

The Commissioner and Chief Constable each have a clear and separate statutory remit. The Commissioner is statutorily responsible for securing an efficient and effective Police Force and holding the Chief Constable to account for the exercise of his functions. The Commissioner is responsible for setting the annual police budget (including precept level) and ensuring that public money is accounted for and that it is used economically, efficiently and effectively.

The operational independence of the Chief Constable is protected in legislation. The Chief Constable has a statutory responsibility for the control, direction and delivery of operational policing services provided by the Force. The Chief Constable is accountable in law for the exercise of police powers and to the Commissioner for the delivery of efficient and effective policing, management of resources and Force expenditure. The Chief Constable holds Office under the Crown and is responsible for maintaining the Queen's Peace.

An Annual Governance Statement (AGS) is published separately this year, and this provides greater detail on the internal control environment and an evaluation of the governance arrangements against the seven principles for delivering good governance.

Performance

The Commissioner funded a range of services during 2021/22 to assist in delivering his priorities:

- Continued funding for a vital first point of contact service for victims of crime and anti-social behaviour. This service ensures that all victims of crime, and vulnerable or higher risk victims of anti-social behaviour, are provided with a support service to help them cope and recover from the impact of their experiences. Developments within Dyfed-Powys Police have seen the introduction of Crime Incident Hubs which will assist in performing a comprehensive needs assessment of victims at the first point of contact.
- Following ongoing evaluation and audit, a recommissioning exercise commenced to secure the future provision of an Independent Domestic Violence Advisory (IDVA) service for high-risk victims of domestic abuse. This included a significant additional investment from the Ministry of Justice in recognition of the increased demand on services experienced as a result of the Covid-19 pandemic. The IDVA service is instrumental in the daily discussion process which works as a multi-agency risk assessment conference to ensure timely and effective support is put in place for victims.
- The Commissioner continued to work with partner agencies at a pan-Wales level to improve the response to victims of sexual abuse. This included ensuring that premises from which acute medical services will be delivered are accredited to ISO standards. A joint Policing and Health project board is overseeing progress against the shared delivery of services. The Commissioner, along with policing colleagues across Wales, has commissioned a review of Independent Sexual Violence Advisory services, and will be commencing a tendering process for delivery of these services across South, Mid and

West Wales early in 2022/23. Additional funding from the Ministry of Justice continued in 2021/22 to recognise the increased demand experienced by services since the pandemic.

- The Commissioner is an integral partner within Area Planning Boards (APBs), who are responsible for providing accountability, governance and scrutiny of substance misuse strategic planning, performance and financial management. APBs are established on a Health Board footprint, with membership consisting of the responsible authorities under the Crime and Disorder Act 1998. The Commissioner committed to continued investment into a jointly commissioned Tier 2 service, with a clear focus on evaluation of the outcomes and apportionment of costs between partners. A needs assessment has been undertaken in Powys providing the evidence base for recommissioning. This tender exercise is currently underway, with Commissioner representation on the evaluation panel.
- The Offender Diversion Scheme has now been live across the Force area for two years. A benefits realisation exercise was undertaken in 2021/22 evidencing positive outcomes achieved by the scheme. Subsequent research has analysed the reoffending rates of those on the scheme, demonstrating that those on the scheme are less likely to reoffend following the intervention. This provides supporting evidence for the continuation of the contract with Pobl Care and Support to deliver the scheme.
- A Restorative Justice intervention is a process where the victim and the offender collectively resolve how to deal with the aftermath of an offence. The reunification of Community Rehabilitation Companies into Her Majesty's Prison and Probation Service (HMPPS) has altered the arrangements for delivery of restorative justice services in Dyfed-Powys. This is now a statutory function of HMPPS and the Commissioner and partners are working closely with HMPPS colleagues to ensure that existing service provision remains stable. The Goleudy service continue to ensure that all victims are aware of their options to access restorative practice. The Commissioner has also asked the Force to review their restorative practice policy including training and awareness for frontline officers.
- Llamau continued to provide an independent debriefing and mediation support service for children and young people who have been reported as missing and at risk of victimisation or exploitation. The impact of this service continues to be positive, with reductions demonstrated in reports of missing young people. A benefits realisation exercise during 2021/22 demonstrated further positive outcomes of this service. Following evidence of a significant increase in both volume and complexity of referrals, the Commissioner has also provided an uplift in staffing by 0.5 FTE for a temporary pilot period.
- The Commissioner continued to fund vital prevention and early intervention services for young people at risk of offending. A formal evaluation undertaken by Aberystwyth University demonstrated the positive impact of prevention funding on outcomes experienced by young people and the continued reduction in first time entrants to the criminal justice system. The Commissioner has worked with Youth Offending and Prevention Service Managers during 2021/22 to identify a model for future funding contributions.

The Chief Constable is responsible for supporting the Commissioner in the delivery of the priorities set out in the Police and Crime Plan. His operational delivery, performance monitoring frameworks and financing decisions focus on these priorities. Progress against the plan is reported quarterly at

the Policing Accountability Board; a public meeting where the Commissioner holds the Chief Constable and his senior team to account. The latest Performance Report can be obtained within the agenda for the last meeting at:

<http://www.dyfedpowys-pcc.org.uk/en/accountability/policing-accountability-board>

There are a number of volume and output metrics that are monitored as part of the assurance and governance arrangements. This analysis provides indicators of progress and performance against the priorities within the Police and Crime Plan. All performance is monitored and scrutinised through the within the Governance structure with a key focus on improvement.

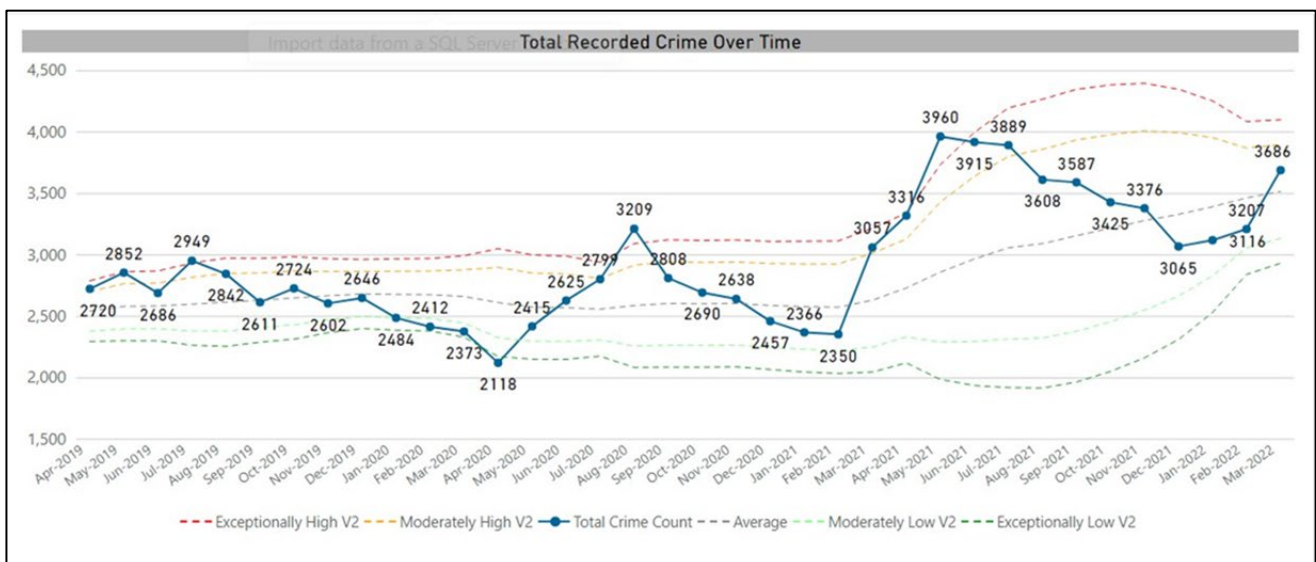
For the year ending March 2022, Dyfed-Powys Police have continued to answer 999 calls within the 10 second target set by the Code of Practice for the Public Emergency Call Service. The average speed of answer for the period was 3.2 seconds with 90% being answered in under 9 seconds.

101 performance in terms of average speed of answer and abandonment has remained relatively stable over time. Demand through the Force Communications Centre (FCC) has also remained consistent with notable increases in calls for service during March and August 2021. Demand levels to the FCC fluctuated with the imposing and easing of restrictions.

Response times to calls for service, in accordance with the prioritisation given to them, is good. Some geographical challenges are faced in places such as Lampeter and Radnorshire areas however, in comparison, the response times are far better than in other Forces.

The Force is more accessible than ever before enabling the community and partners to make contact via multiple digital channels including web services and social media. A technology upgrade due in early 2023 will further expand available contact channels to include live chat and other social media integrations.

Total recorded crime volume over time*



*Crime data is dynamic and historic figures can alter for a number of reasons including changes to crime recording practices.

The chart above demonstrates total crime recorded over the last year. The pattern of crime was largely influenced by local and national restrictions as was the types of crimes reported. For 2021/22 the largest increases in recorded crime were behavioural related crimes, such as Public Order, Violence Against the Person and Stalking and Harassment although it should be noted that increases were also due to improved recording practices.

A significant proportion of offences recorded now require an element of digital/cyber investigations. The ever-increasing number and complexity of devices and the continued rise in the volume of data represent significant challenges for the Digital Forensics Unit. However, the development of a robust gatekeeping model to ensure that the examination of devices is prioritised and phased, has been instrumental in managing the workload within the unit. In addition, the introduction of an imaging lab, a viewing room for officers, and robust forensic strategies to incorporate triage software to negate the need for in depth examination of a large number of devices for each case have allowed the unit to service the significant demand in this area.

Managing Serious and Organised Crime (SOC) remains a key priority and is reflected in the Force Control Strategy, Police and Crime Plan and the Chief Constables priorities. An annual Strategic Assessment which provides an overview of the current and medium-term issues affecting or likely to affect Dyfed-Powys Police and its response to SOC is reviewed on a six-monthly basis and is cognisant of the National Crime Agency, National Strategic Assessment and the Regional Organised Crime Unit Regional Strategic Assessment.

Since 2018/19, Dyfed-Powys Police has seen the number of Organised Crime Groups (OCGs) being managed at any given time stabilise between 15 and 20 annually, this is still accurate for 2021/22 and is envisaged to remain relatively stable. Based on the trend over the past three years, it is anticipated the ratio percentage between Class A drugs related OCGs and other Control Strategy areas will change as the Force continues to effectively identify and assess non-drug related SOC threats. For 2021/22, 26 out of a total of 33 OCGs / Vulnerabilities were linked to Class A criminality, representing 79% of all mapped OCGs with the remaining being mapped across Organised Acquisitive Crime and Money Laundering / Fraud criminality.

During 2021/22, the conviction rates in Dyfed-Powys for both Crown (2 out of 4 quarters) and Magistrates' Court (3 out of 4 quarters) have consistently remained higher than the other Welsh Police Forces. Although the conviction rates have fluctuated on a quarterly basis, the trends remain steady in the last two months of 2021/22 at 81.5% to 85.3% in the Crown Court and 91.2% to 90.6% in the Magistrates' Court. Due to the low number of cases, the figures are susceptible to fluctuation. (Please note that the above is based on Joint Operational Improvement Meeting data, where the comparison is between Dyfed-Powys Police and other Welsh Forces rather than National data.)

Out of the 42,150 crimes recorded for the year 2021/22 a total of 2,257 are still subject to an on-going investigation. This equates to 5.3% of the crimes recorded. In 2020/21, it took on average 44 days for a crime to have an outcome applied but 154 crimes are still classed as investigations on-going. Whilst in 2021/22 the average amount of days for a crime to be applied an outcome is 32 days which is 12 days less than the previous year which suggests that overall the timeliness of investigations has improved.

Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS)

The Force accepted an invitation from HMICFRS to be a pilot Force for their new Continuous Assessment Police, Effectiveness, Efficiency and Legitimacy (PEEL) framework, with the inspection taking place in early 2021. The report is expected to be published in summer 2022 and will provide an assessment of the Force's performance and gradings against the framework's core question areas.

HMICFRS recognised the significant progress the Force is making in relation to restructuring services to deliver specialist support to communities. It is also reassuring to hear praise for the work of staff in the FCC, who consistently identify vulnerability. HMICFRS have further provided positive feedback to progress made around the new strategic direction and model for Neighbourhood Policing. The Force was graded as good for treating the public fairly, which is testament to the work undertaken daily to support and safeguard the communities of Dyfed-Powys. A programme of change is already in place which will deliver significant process and cultural change with elements seeking to improve the Force's ability to manage demand, support victims, improve the timeliness and quality of investigations and supervision of crime.

As part of the inspection carried out in 2021, HMICFRS issued a cause for concern in relation to crime data integrity. The Chief Constable initiated a Gold Group to critically review the issues and oversee the development and implementation of an appropriate action plan. Significant improvements have been made and HMICFRS formally discharged the cause for concern in June 2022.

Force Management Statement (FMS)

The Chief Constable submitted the most recent FMS to the HMICFRS in December 2021. The FMS is a self-assessment of:

- The demand the Force expects to face in the next four years.
- How the Force will change and improve the condition, capacity, capability, serviceability, performance and security of supply of its workforce and other assets to cope with that demand.
- How the Force will improve to make sure the gap between future demand and future capacity is as small as it can be.
- The money the Force expects to have to do all the above.

The Force revised its approach to producing the FMS to address recommendations previously made by HMICFRS in relation to improving the way it plans. The new approach to the FMS has brought a centralised co-ordination and is more closely aligned to the MTFP and strategic planning.

The 2021 FMS identified a number of cross-cutting themes and priorities:

- Analytical Capacity;
- Crime Data Integrity/ Auditing;
- Covid-19 Pandemic Recovery;
- Demand and Capacity;
- End to End Project - a review of Force level crime, investigations and outcomes;
- Non-Human Assets - lack of resilience;
- Forensic Pathology Provision;
- Training capacity;
- Workforce Planning – recruitment, retention, resilience and retirements.

4 The Organisational Model

The Force is organised on both a geographic and functional basis. The Chief Constable is supported by a Chief Officer Team which comprises the Deputy Chief Constable, the Assistant Chief Constable and the Director of Finance. The main responsibilities of the three positions supporting the Chief Constable are shown in the table below:

| Deputy Chief Constable | Assistant Chief Constable | Director of Finance |
|----------------------------------|---------------------------|---|
| People Services | Local Policing | Corporate Finance |
| Legal Department | Investigations | Fleet |
| Corporate Services / Performance | Specialist Response | Procurement |
| Information Management | Force Contact Centre | Information and Communications Technology |
| Collaboration and Efficiency | Scientific Support | Business Support Unit |
| Corporate Communications | Criminal Justice | Estates (from 1.4.22) |
| Professional Standards | Partnerships | |
| Major Operations | | |
| Health and Safety | | |

The Force has continued to re-shape to meet demand but it is, however, recognised that the landscape of policing is forever changing and there is still much work ahead to deliver against the new Police & Crime Plan and Chief Constable's priorities whilst addressing issues identified within the latest FMS.

For the 2021/22 financial year, the Commissioner and Force had a budgeted establishment of 1,242 Police Officers, 148 Police Community Support Officers (PCSOs) and 821 Police Staff. A breakdown of the distribution of staffing is shown in the table below:

| Budgeted Positions 2021/22 | Police Officers FTE | PCSOs FTE | Police Staff FTE | Total FTE |
|--|------------------------|--------------|---------------------|--------------|
| Local Policing | 610 | 148 | 30 | 788 |
| Investigations | 339 | 0 | 172 | 511 |
| Operational Support (including Call Handling) | 175 | 0 | 131 | 306 |
| Criminal Justice | 1 | 0 | 57 | 58 |
| Scientific Support and Digital Forensics | 8 | 0 | 42 | 50 |
| Professional Standards | 8 | 0 | 18 | 26 |
| Other including Business Support | 36 | 0 | 301 | 337 |
| Office of the Police and Crime Commissioner (inc. Estates) | 0 | 0 | 39 | 39 |
| Seconded and Funded Areas | 65 | 0 | 31 | 96 |
| Total | 1,242 | 148 | 821 | 2,211 |

Recruitment intakes have been carefully planned and managed during the year to ensure optimal resourcing levels, availability of specialist skills and to allow the proportionate geographical distribution of staff. New training arrangements were implemented from March 2019 under the Police Education Qualifications Framework (PEQF) which continues to see intakes of student constables each year with external course providers delivering core elements of their training.

As well as recruiting to replace normal retirements and leavers, the Force is also increasing establishment in line with the Home Office Police Uplift Programme to recruit an additional 20,000 officers by March 2023. The Government targets have seen an increase of 42 in 2020/21, a further 42 in 2021/22 and a final allocation of 57 for 2022/23 and will see the number of full time equivalent (FTE) Police Officers increasing to 1,299 by 31 March 2023. The financial implications are further outlined within the MTFP.

The Commissioner has an Office which supports him to deliver their statutory responsibilities as set out in The Policing Protocol Order 2011. In addition to the statutory roles of Monitoring Officer and Chief Finance Officer, the Commissioner has a team of professionals to advise on matters relating to finance, policy, performance, engagement, commissioning and partnerships. The Commissioner had a budgeted establishment of 38.6 FTE for 2021/22 which included 20 within the Estates function. As part of a comprehensive review of the Estates related matters, the Commissioner transferred the function back to the Chief Constable with effect from 1 April 2022.

5 Financial Performance

The Group Statement of Accounts shows the financial performance of the Group and has been prepared on the basis of proper accounting practice which meets the requirements of the CIPFA Chartered Institute of Public Finance & Accountancy's Code of Practice. This differs slightly from the budgets that are managed and monitored on a day-to-day basis as these exclude some elements such as depreciation and movements on pension liabilities which under statute do not need to be financed fully in the year.

The cost of services included within the Comprehensive Income and Expenditure Statement shows that £152.0m (2020/21: £134.1m) has been spent on providing policing services to the public of Dyfed-Powys Police in 2021/22. The Statement provides an analysis across the main cost components. For example, the largest element was spent on Police Officer Pay which accounted for £69.7m (2020/21: £68.4m) of the total in 2021/22.

The Balance Sheet provides a snapshot of the Commissioner's assets and liabilities as at 31 March 2022.

The Group Balance Sheet is dominated by the long-term liability of £1,701m (previously £1,676m) that exists in respect of future pension liabilities for police officers and staff. This represents the amount that would need to set aside at the balance sheet date to cover future payments of pensions for all current serving and retired officers and staff. This figure has been calculated independently on an actuarial basis and takes account of future salary levels, inflation, mortality rates etc. This has remained fairly static between the two years despite a full actuarial calculation being undertaken in the current year.

The next largest item on the Balance Sheet is the £73.0m (2020/21: £73.8m) of property, plant & equipment owned by the Commissioner which have been subject to formal independent revaluation at the end of March 2022. In addition to these long-term assets, the Commissioner held £33.7m (2020/21: £30.9m) of short-term assets which are predominately short-term investments and debtors.

Financial Performance and Budget Variance Analysis 2021/22

The Commissioner set a budget of £119.8m as a Revenue Budget for the financial year 2021/22 which incorporated a use of reserves of £1.6m as well as financial savings of £1.6m which were deducted from baseline budgets. These cashable savings were to be delivered across several initiatives including workforce structures, collaborative arrangements, ICT developments, income generation and significant reductions in non-pay spending delivered through procurement and other cost reduction initiatives. The budget assumed the continuation of the public sector pay freeze for both officers and staff, along with a 2.5% increase in general inflation on non-pay costs.

The following table sets out the final out-turn position for 2021/22 and compares this to the original and revised budget. The revised budget reflects the additional budgets and reserve movements approved during the year. Virements are approved in accordance with the Corporate Governance Framework. The changes to the budget referred to below were reported at the monthly Policing Board meetings and quarterly public Police Accountability Boards held throughout the year.

The original budget required the use of £1.6m from reserves that was intended to cushion the impact of one-off cost pressures arising from on-going operations linked to the asylum seeker camp at Penally and the on-going uncertainty attached to the Covid-19 pandemic. Policing continues to be a dynamic environment and after the initial budget was set it then became apparent that operations linked to the Penally camp would end in March 2021, reducing the need to draw on reserves by £0.7m. Furthermore the force was allocated additional funding, including £0.4m by the Home Office to meet on-going Pandemic cost pressures and £0.3m from the Welsh Government to recognise the inflationary cost increases of PCSOs. These developments, combined with ever changing view of the impact of the pandemic, enabled the Commissioner to reduce the contribution required from reserves by £1.4m to £0.2m. The budget available to the Chief Constable was adjusted to take account of these developments on the 13 April 2021 and this is reflected in the revised budget shown in the following table:

| Variation Statement | Original Budget | Revised Budget | Actual | Variance (Positive for Saving) |
|---|-----------------|----------------|--------------|-----------------------------------|
| Budget Holder | £M | £M | £M | £M |
| Police and Crime Commissioner | | | | |
| Office and Commissioning Costs | 2.1 | 2.1 | 2.1 | 0.0 |
| Estates Costs | 4.1 | 4.1 | 4.0 | 0.1 |
| Transfer to/(from) Reserves - Commissioner | 0.0 | 0.0 | 0.1 | (0.1) |
| Total Commissioner Revenue Budget Costs | 6.2 | 6.2 | 6.2 | (0.0) |
| Chief Constable | | | | |
| Police Pay and Allowances | 67.9 | 67.9 | 67.4 | 0.5 |
| Police Officer Overtime | 2.4 | 1.6 | 2.1 | (0.5) |
| Bank Holidays | 0.7 | 0.7 | 1.0 | (0.3) |
| Police Staff Pay and Allowances | 33.2 | 33.2 | 32.4 | 0.8 |
| Police Staff Overtime | 0.2 | 0.2 | 0.2 | 0.0 |
| Pension Costs | 1.7 | 1.7 | 1.6 | 0.1 |
| Recruitment and Training | 1.9 | 1.9 | 1.6 | 0.3 |
| Other Non-Pay Costs | 10.5 | 10.3 | 10.5 | (0.2) |
| Telephone Analysis and Forensics | 2.3 | 2.4 | 2.3 | 0.1 |
| Agency and Collaboration Payments | 3.5 | 3.5 | 3.2 | 0.3 |
| Grants | (8.4) | (9.1) | (9.1) | 0.0 |
| Income | (2.8) | (2.8) | (3.6) | 0.8 |
| Capital Financing | 2.3 | 2.5 | 2.6 | (0.1) |
| Recharges | (0.2) | (0.2) | (0.1) | (0.1) |
| Total Budget - Force | 115.2 | 113.8 | 112.1 | 1.7 |
| Total Budget - Police and Crime Commissioner and Chief Constable | 121.4 | 120.0 | 118.3 | 1.7 |
| Contribution to/(from) Reserves - Chief Constable | (1.6) | (0.2) | 1.5 | (1.7) |
| Net Spending After Transfer from Revenue to Reserves | 119.8 | 119.8 | 119.8 | 0.0 |
| Holding Accounts and self balancing accounts | | | | |
| Driver Retraining Programme | 0.0 | 0.0 | (0.3) | 0.3 |
| Transfer to/(from) Reserves - Driver Retraining | 0.0 | 0.0 | 0.3 | (0.3) |
| Total Holding Accounts | 0.0 | 0.0 | 0.0 | 0.0 |

The final outturn position highlighted within the Variation Statement above demonstrates that there was a positive variance on Commissioner's Revenue budget of £0.1m which related to the Estates Department. Within these figures are savings realised because of staff turnover and prudent financial management in relation to debt recovery and reactive maintenance savings. There was a net transfer from earmarked reserves of £0.1m to support the Commissioner's priorities.

2021/22 saw continued levels of unprecedented operational demand for the Force which along with financial pressures required careful and prudent management throughout the year. The Variation Statement above shows that the Chief Constable costs were £1.7m below the revised budget for the year. An explanation of the main reasons for the material variances is provided below:

- i. Police Officers Pay and Allowances: This budget was underspent by £0.5m at the end of the year. Earlier retirement, career breaks, dismissals and transfers of police officers leaving were higher than anticipated. This necessitated the recruitment of transferees late in the financial year in order to attain Home Office Uplift targets. Employer pension contributions were below budget however this was largely offset by additional allowances and National Insurance charges that arose as a result of overtime paid to the significant number of officers providing mutual aid support for policing the Climate Conference (COP26) and the G7 Summit.
- ii. Police Officer Overtime: Police Officer overtime was £0.5m over budget with payments made to officers supporting mutual aid events accounting for around £0.3m of this, although this expenditure was offset by income. In addition, £0.1m of overtime worked was attributable to additional activity linked to the Pandemic which was matched by additional Home Office grant. The Resource Management Group continued to apply considerable scrutiny and control to overtime spending. More routine overtime was around £0.1m over budget in the year which reflects considerable activity in relation to summer demand, proactive operations, to cover staffing shortages and rising crime enquiries more generally.
- iii. Police Officer Bank Holiday Payments: This budget overspent by £0.3m during the year. With Christmas Day, Boxing Day and New Year's Day dates all falling on the weekend in 2021/22, additional payments were also due under Police Regulations to officers working the additional 3 Public Holidays. This was not reflected in the original or revised budget however it was recognised that slippage elsewhere in the budget was sufficient to absorb this overspend.
- iv. Police Staff Pay and Allowances: This budget underspent by £0.8m during the year as a result of delays in appointing replacement police staff as vacancies arose. The Strategic Establishment Review Group meets weekly to consider all vacancy requests prior to advert. Significant scrutiny and challenge has been applied with many vacancies being actively held open in order to meet the savings needed to balance budgets in 2021/22 and 2022/23 financial year. This mainly affected office-based positions with welfare and operational impacts being kept under review.
- v. Police Staff Overtime: These costs were largely as budgeted.
- vi. Police Officer Pension Costs: Pension payments were under budget by £0.1m as a result of decisions around permanence and injury awards that were taken on medical grounds. There was a small overspend on recurring payments to pensioners however this was offset by an underspend in relation to capital charges required to be paid into the pension fund for new ill-health retirements.
- vii. Recruitment and Training: Recruitment and training costs were £0.3m under budget at the end of the financial year. The budget for 2021/22 included a rollover of additional training of £0.4m from the previous financial year in recognition of backlogs that arose as a result of the Pandemic. Difficulties in securing training places has again impacted this budget and a sum of £0.4m was carried over into 2022/23. The Force has needed to absorb and accrue additional costs of £0.2m in pension capital costs and historic statutory scheme sanction charges which is offset by savings of £0.1m against recruitment and relocation cost budgets in the year.

- viii. Other Non-Pay Costs: An overspend of £0.2m is recorded against this budget. There is an overspend of £1m being recorded against the legal and prosecution cost headings which reflects a mixture of both legal fees paid and provisions set aside for known claims arising in the year and a legal case referred to in Note7 'Events after the Reporting Period'. This overspend has been offset by a number of underspends, mostly attributable to budgets that were set aside to meet the recurring costs of a new Records Management System (£0.1m) and the new Contact Management and Telephony System (£0.3m) that were due to be implemented during 2021/22. Unavoidable delays caused by procurement and Covid-19 pandemic related challenges have seen the expected go live dates of these systems being pushed into 2023 resulting in a one-off saving in the current year. There are also savings of £0.5m across a number of miscellaneous headings including interpreters' fees, miscellaneous expenses, service contracts and fixtures and fixture headings.
- ix. Telephone Analysis and Forensics: These budgets were underspent by £0.1m at year end and included reduced spending on outsourced custody medical examinations, digital forensic and scientific support forensic procurement contracts.
- x. Agency and Collaboration Payments: This budget showed an underspend of £0.3m overall which incorporates savings in payments to outside agencies including Regional and National Collaborative Units. The charge due to the Joint Firearms Unit was lower than anticipated due to vacancies across Southern Wales and the changes expected in relation to a new weapons system which was not delivered by the end of the year.
- xi. Grants: This income was largely in line with budget.
- xii. Income: The Force received £0.8m more income than was anticipated over the course of the year predominantly relating to mutual aid recovery linked to the COP26 and G7 Summit. The reductions in income headings that were anticipated during the year as a result of the ongoing Covid-19 pandemic restrictions did not materialise and by year end the position had improved considerably compared to the projected pressures that had been anticipated.
- xiii. Capital Financing: There was a net overspend of £0.1m against capital financing charges and direct revenue financing which was the result of a need to correctly categorise some equipment purchases as capital expenditure in line with proper accounting practice and policies.
- xiv. Recharges: Where IT or Estates staff are involved in bringing a capital asset into use, proper accounting practice requires their costs to be charged against that asset. In recognition of this an annual income recharge budget of £0.2m is set aside for this purpose. The nature of capital schemes delivered in 2021/22 meant that only £0.1m fell into this definition resulting in an additional cost of £0.1m falling on revenue budgets.
- xv. Transfer from Reserves: The overall financial position of the Force as outlined in the above table resulted in an overall underspend of £1.5m to be transferred as a contribution to earmarked reserves at the end of the year. The budget assumed a net contribution from earmarked reserves of £0.2m.

The Force budget also incorporates self-balancing holding accounts in respect of the Go Safe Partnership, collaboration funded posts and seconded officers which were largely self balancing

overall. Driver Retraining activities were impacted as a consequence of the Covid-19 pandemic, and the move to on-line rather than on-premises delivery did result in a saving which allowed a contribution to reserves of £0.3m for use by the Commissioner in support of road and community safety initiatives.

The Force exercised considerable financial restraint and prudence over the year despite some considerable operational demands which made the accurate assessment of the final outturn challenging. The year-end position is very positive and puts Dyfed-Powys in a stronger position to deal with future financial challenges. When setting the 2022/23 budget, an underspend of around £1.0m was anticipated and this sum was budgeted to offset against the 2022/23 budget requirement to meet additional one-off cost pressures falling in coming years.

The final out-turn position was discussed in detail at the Policing Board meeting on the 24 May 2022. In this meeting, the Commissioner approved several reserve movements:

- The creation of a Police Education Qualifications Framework (PEQF) Reserve of £120k to mitigate the peak in uplift officer training costs profiled for 2022/23 - this was a planned reserve movement as part of the MTFP for 2022/23;
- The creation of a Bank Holiday Reserve totalling £511k which will mitigate the costs of the pattern of bank holidays over the next two years - this was a planned reserve movement as part of the MTFP for 2022/23;
- An increase of £404k in the Transformational Projects Reserve to provide additional pump priming to support organisational projects and change;
- Creation of a specific Budget Adjustment Reserve of £75k to offset an error in the calculation of council tax base during budget setting;
- A net increase of £281k in the Commissioner's Reserves to support Term 3 Police and Crime Plan priorities and other initiatives;
- Transfer of £213k to the Capital Reserve to reduce future borrowing requirements for IT capital infrastructure which will realise annual revenue savings as a result of lower debt charges;
- A net increase of £45k into the Regional Collaboration Reserve and a reduction of £86k from the Go Safe Revenue Reserve;
- Two reserve re-classifications for Covid 19 and Victim Services.

The final reserves position for the Commissioner shows a figure of £18.9m held as at 31 March 2022 compared to £16.9m at the beginning of the year. This incorporates a sum of £8.0m to support future capital budget commitments and a general reserve of £4.0m. This also includes a balance of £1.6m which is held on behalf of third parties. Reserves are further detailed in Note 10 within the Statement of Accounts.

In relation to Capital Spending, the Commissioner set an original budget of £18.5m in February 2021 for the financial year 2021/22 which was reduced to £12.4m in January 2022 due to delays in relation to a number of major estates schemes.

The capital programme was funded from grants, capital receipts (sales of assets), earmarked reserves and prudential borrowing. In total a sum of £9.1m had been spent by the end of the financial

year. A summary of the final spending and funding position against budget is shown in the table below along with high level budget variation reasons:

| | Original Budget 2021/22 | Revised Budget 2021/22 | Actual Spending 2021/22 | Variance | Reason |
|---|-------------------------|------------------------|-------------------------|--------------|--|
| | £'000 | £'000 | £'000 | £'000 | |
| Capitalised Expenditure | | | | | |
| Estates Programme | 10,289 | 8,412 | 6,158 | 2,254 | Scheme slippages - Llanelli Dafen (£674k), Firearms range (£458k), Brecon project (£88k) and minor works (£1,034k) |
| Vehicles | 1,814 | 1,114 | 909 | 205 | Delivery of some vehicles delayed into 2022-23 |
| ICT Major Projects | 2,955 | 808 | 304 | 504 | ESN (£213k), ICT Technology Innovation fund (£80k) and other ICT scheme slippage (£211k) |
| Recurring ICT Device Replacements | 2,177 | 688 | 657 | 31 | |
| Other Capital Equipment Replacements | 1,130 | 730 | 350 | 380 | New intelligence equipment (£100k), Cybercrime storage/equipment (£139k), ANPR (£60k) and other equipment (£81k) |
| Sub Total Capitalised Expenditure | 18,365 | 11,752 | 8,378 | 3,374 | |
| Self Financing / Own Revenue Financing Projects | 165 | 668 | 761 | (93) | Additional spend on equipment funded by DRF |
| Total Expenditure | 18,530 | 12,420 | 9,139 | 3,281 | |
| Financing | | | | | |
| Capital Grant | 119 | 201 | 97 | 104 | Grant carried forward to 2022-23 |
| CNI Counter Terrorism Grant | 0 | 0 | 372 | (372) | |
| Salix Funding | 879 | 879 | 877 | 2 | |
| Direct Revenue Financing (DRF) | 3,286 | 2,092 | 2,132 | (40) | |
| Capital Receipts - Buildings | 185 | 162 | 14 | 148 | Knighton building was not sold by 31 March 2022 |
| Capital Receipts - Vehicles | 25 | 0 | 23 | (23) | |
| Capital Receipts - Other | 0 | 10 | 0 | 10 | |
| Capital Reserve Utilised | 1,631 | 451 | 0 | 451 | Not required based on the actual spending |
| Sustainability Fund | 170 | 175 | 0 | 175 | Scheme planned for 2022-23 |
| Prudential Borrowing | 12,070 | 7,782 | 5,234 | 2,548 | Lower borrowing utilisation due to scheme slippage |
| Sub Total Financing | 18,365 | 11,752 | 8,749 | 3,003 | |
| Self Financing / Own Revenue Financing Projects | 165 | 668 | 390 | 278 | |
| Total Financing | 18,530 | 12,420 | 9,139 | 3,281 | |

The Carmarthenshire Station and Custody Facility Scheme in Llanelli is progressing with full construction underway which is expected to be completed in April 2023. There has been some unavoidable slippage experienced against several projects overseen by the Strategic Estates Group for which funding will need to be carried over into the next financial year.

There was an underspend against vehicle purchase budgets of £205k at year-end attributable to longer lead times and delays associated with delivery. The Force is replacing its Records Management System and slippage was experienced against this budget heading with difficulties being experienced in relation to being able to progress this project during periods of lockdown. There was also slippage in relation to the Emergency Services Network and several minor ICT projects and equipment replacements, again linked to the Covid-19 pandemic.

In terms of capital financing, the slippage in spending has meant that the Commissioner has not needed to borrow as much as anticipated, with £5.2m of prudential borrowing at year end being applied against Estates projects. A transfer from the Capital Reserves was not needed in 2021/22 with this funding being earmarked towards future ICT and vehicle purchases. Further work will be undertaken in due course to review requirements and determine whether any unspent budgets are carried over along with appropriate funding into the 2022/23 financial year.

6 Risks, Opportunities and the Medium-Term Financial Outlook

Risks are managed at all levels of the organisation through the Governance Structure and a Corporate Risk Register is used to record, manage and mitigate the main risks which could affect the delivery of Police and Crime Plan outcomes and the Chief Constable's priorities.

The main risks that remained 'live' at the end of 2021/22 included:

- Crime Recording and HMICFRS cause for concern;
- Health and Safety Compliance - Mandatory Training;
- Information Management & Compliance - risks associated with the ineffective management of police records;
- PNC - risks associated with turnaround times, delays and arrangements for oversight of data accuracy and integrity;
- Delay in implementing IT system for automatic Firearms background checks;
- Radox Toxicology Forensic Provision;
- Police National Database and Information Assets – inconsistency of data sets;
- Non-compliance with statutory requirements to undertake Health and Safety Inspections;
- Road Traffic Toxicology samples and Drugs casework nearing Forensic Science Service delivery capacity;
- Loss of forensic Home Office pathology capability within Wales;
- Risk concerning security of ICT network and inability to join national programmes such as National ANPR Service and National Enabling Program;
- Risk of Cyber-attack involving, but not limited to, malware on ICT systems, Ransomware, Hacking, Phishing, Distributed denial of service attacks;
- Force Control Centre Fall-back site;
- Covid-19 pandemic;
- Disclosure Staff unable to research Outlook for personal data for Subject Access Requests;

- Delay in affray alarm activations in Custody suites reaching the FCC requests under the Data Protection Act 2018;
- Resourcing within the Records Management System project team;
- Windows 10 – out of support May 2021;
- Continued uncertainty in relation to police funding including the review to the police funding formula;
- Estates - concerns in relation to contract management, resourcing, project management, governance and financial management.

The Risk Register is monitored regularly in order to ensure that risks are allocated a Risk Owner responsible for applying appropriate mitigations and actions. Further details in relation to risk management are included within the Annual Governance Statement (AGS).

In terms of the Medium-Term Financial Outlook, Dyfed-Powys Police has faced significant financial challenges since 2010 due to reductions in funding from central government along with cost pressures and continual changes in the demand for policing services.

In 2018, the Government announced that after eight years of cuts and tax increases, austerity was over, and pledged that after the exit from the European Union, the government would seek to boost investment in public services and recognise the financial pressures that the Police were facing. The government declared that it had “turned the page on austerity” as it set out plans to raise spending across all departments and outlined the commitment to tackling crime and keeping people safe with plans to recruit 20,000 officers by 2023.

October 2021 saw the Chancellor of the Exchequer announce the outcome of his Comprehensive Spending Review which set out a number of headline figures and commitments for the three-year period to 2024/25 along with the end to the public sector pay freeze in 2022. This is the first three-year settlement for a number of years, but despite being welcomed, there are concerns that there is no clarity underpinning the headline figures for years two and three or whether they reflect the true extent of financial pressures which continue to make medium term planning challenging.

The impact of the continued lack of longer-term clarity and uncertainties around both core and specific grant funding make both short-term and medium-term planning very difficult and both the national APCC and NPCC along with their respective working groups continue to work closely with the Home Office to make representations wherever possible.

The 2022/23 settlement included:

- £550m increase in Government grant funding in 2022/23, a further £100m in 2023/24 (total £650m) and a further £150m in 2024/25 (total £800m). This additional funding will realise the completion of the Home Office Police Uplift Programme by March 2023 with £135m being ring-fenced and allocated according to funding formula shares and paid in line with progress on recruitment;
- Up to £246m additional funding from council tax precept, assuming all Police and Crime Commissioners maximise their flexibility by £10 in England, without triggering the need for a referendum;
- £100m of savings to be delivered by 2024/25 with £80m already being reflected within the settlement. The Government also outlined expectations in relation to increased productivity to be realised through the investment in technology infrastructure and

interoperable systems, with their Efficiency in Policing Board having a renewed focus on improving the measurement and delivery of productivity gains.

The 2022/23 grant settlement for Dyfed-Powys is £60.7m, being £3.2m (5.5%) higher than 2021/22. In addition, the continuation of the specific grant of £1.3m which was introduced in 2019/20 to partly mitigate pressures arising from changes to the employer's contribution rate for Police Officer pensions has been confirmed, along with additional specific funding to support the final tranche of recruitment of officers under the Home Office Police Uplift Programme.

Each year seems to bring additional and unforeseen financial pressures and burdens and 2022/23 is unfortunately no different with increases in the employer's rate for National Insurance, as a result of the Health & Social Care Levy and significant pay and price inflationary pressures which required budget growth of 8.7% taking account of everyday and capital spending plans.

To reduce the burden of this on the local taxpayer, the MTFP reflects a challenging and ambitious savings/ efficiency plan of £6.8m over the next five years albeit it is recognised that cashable savings are proving harder to realise. It is recognised this needs to continue to be an area of focus to enable the Commissioner and Force to set a balanced and sustainable medium term financial position for both revenue and capital whilst protecting the standard of service for the communities of Dyfed-Powys.

The MTFP includes assumptions of 5% year on year increases in precept and incorporates a range of assumptions on cost pressures and growth in pay and inflationary pressures, albeit this is an area of severe pressure and volatility due to wider market conditions. Utility costs are an area of specific concern with indications of increases ranging from 70%-130%. The MTFP also includes incremental increases in contribution to capital financing and borrowing costs to support the Capital Programme. Further additional spending on a number of national, regional and local priorities along with the additional costs arising from changes to police pensions are included.

Following a rigorous process of scrutiny and deliberations over the financial assumptions, risks that continue to threaten the communities and investment priorities, the Commissioner submitted his precept proposal for 2022/23 and Medium-Term Financial Plan to 2026/27 to the Dyfed-Powys Police and Crime Panel on 28 January 2022. This process included several seminars and presentations to the Commissioner, the Commissioner's staff, Joint Audit Committee, Police and Crime Panel Members and staff from Audit Wales.

The Commissioner's proposal was unanimously supported by the Police and Crime Panel, which raised the average band D property precept by £14.60 to £290.16, a 5.3% increase raising a total precept of £66.8m. This will provide a total of central and local funding of £127.4m, representing a 6.4% increase on funding levels in 2021/22, and once again, sees Dyfed-Powys with the lowest council tax precept in Wales.

The Commissioner set a capital programme for 2021/22 to 2026/27 of £91.0m which includes investment in Estates, Fleet and ICT infrastructure for both local, regional and national projects. This investment has been prioritised towards strategic priorities, unavoidable spending, areas that reduce future revenue expenditure and recognises the need to be adequately equipped to face the changing demands of 21st Century policing.

The capital programme sees the depletion of capital reserves and includes borrowing requirements of £60.6m. Much of this borrowing will fund the building of a new custody facility for Carmarthenshire, provide a solution for the ageing police facility in Brecon and fund a new training facility for the Joint Firearms Unit. In order to meet future capital investment requirements and

mitigate the cessation of capital grant funding, the MTFP includes increasing revenue contributions to capital.

The Capital Programme will be revised to reflect the final outturn position for 2021/22 and will be kept under review as part of the iterative work to reassess the MTFP.

The Commissioner considers and publishes an Annual Reserves Strategy which underpins the MTFP and its assessment of risk exposure and mitigation measures. The Annual Reserves Strategy considers the adequacy of general reserves and takes account of the strategic, operational and financial risks facing Dyfed-Powys. These considerations also take cognisance of Home Office guidance on Police Reserves. The adequacy of general reserves needs to be closely monitored to ensure that it is maintained at a sustainable level to allow for unforeseen burdens and exceptional operational demand. It is important to note that even in a scenario where eligibility for Home Office Special Grant may be relevant, costs up to the equivalent of 1% of net revenue budget would need to be met locally.

The Commissioner and Force face a number of unknown potential future financial commitments which are referred to further in the contingent liabilities and pensions notes including:

- Police Pension Legal Challenge - Career Average Revalued Earnings;
- Undercover Policing Inquiry;
- Dedicated Source Handling Unit On-Call Allowance Claims;
- A claim relating to Police Staff Allowances relating to concurrency.

There are continued uncertainties and complexities surrounding the future financial implications of the Supreme Court judgment in the McCloud/Sargeant case that the transitional protection contained in the Judiciary and Firefighters Pension Regulations Reform gave rise to unlawful age discrimination. Subsequently the government announced that it accepted that the judgment applies to all the main public service pension schemes, including the Police Pension Schemes. Early work suggests that the employer's contribution rate for Police Officers could increase to over 50% in 2024/25 and there is no certainty that this significant additional cost will be met by grant funding.

The Government recommenced the Funding Formula Review in May 2021, establishing a Senior Sector Group and Technical Reference Group to consider the wide range of issues and implications. The outcome of this remains a risk, with the impact of the last unimplemented review potentially resulting in £8m less for Dyfed-Powys.

Despite the assumed increases in council tax precept there is a need for continued efficiency requirements over the term of the MTFP with uncertainties around future core and specific grant funding, complexities in relation to pensions costs set against the wider economic landscape mean that the financial environment is likely to remain challenging for the foreseeable future.

7 Basis of Preparation and Presentation

These are the tenth statutory accounts prepared under the new governance arrangements. Both the Commissioner and Chief Constable as separate legal entities must produce their own Statement of Accounts, with the Commissioner being responsible for production of the Group Accounts, within which the Commissioner's accounts are contained.

The Accounts and Audit (Wales) Regulations 2014 as amended, require local government bodies to prepare a Statement of Accounts in accordance with proper practices. The Chartered Institute of Public Finance & Accountancy's Code of Practice is identified as representing proper practices.

The following is an explanation of the statements that follow, their purpose and the relationship between them:

- **Statement of Responsibilities for the Statement of Accounts** - this statement sets out the responsibilities of the Commissioner and their Chief Finance Officer;
- **Independent Auditor's Report** - this sets out the opinion of the external auditor, the Auditor General for Wales, on whether the Group accounts presented give a 'true and fair view' of the financial position and operations of the Commissioner for 2021/22;
- **Expenditure and Funding Analysis** - this statement shows how annual expenditure is used and funded by the Group from resources as reported by management, split across directorates and services in comparison with those resources consumed or earned by the Group reported in accordance with generally accepted accounting practices;
- **Comprehensive Income and Expenditure Statement** - this core statement summarises the resources that have been generated and consumed in providing policing and crime reduction services during the year. It includes all day-to-day expenses and related income on an accrual's basis, as well as transactions measuring the value of fixed assets consumed and the real projected value of retirement benefits earned by employees in the year;
- **Movement in Reserves Statement** - this statement shows the movement in the year on the reserves held by the Group, analysed into usable reserves (monies which can be applied to fund capital expenditure or to reduce local taxation) and unusable reserves (monies that cannot be used to provide services and exist through the application of accounting standards, for example, the pensions reserves which match the pension liability);
- **Balance Sheet** - this core statement shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group. The Commissioner owns the land, buildings and other assets used by the Force. The net assets (assets less liabilities) are matched by the usable and unusable reserves;
- **Cash Flow Statement** - this statement summarises changes to cash and cash equivalents during the reporting period;

- **Police Pension Fund Account** - is a statement that shows expenditure, income, assets and liabilities pertaining to Police Pensions in the year. The account shows the top up grant due from the Group to the Pension Fund Account. Subsequently the Home Office reimburses the Group for money paid over to the account and effectively underwrites the deficit. This practice would work in reverse if the Pensions Fund Account were to show a surplus at the year-end;
- **Notes to the financial statements** - these provide additional information that further explains items included within the main statements with an aim of improving the readers' understanding of the main financial statements and sets out the Accounting Policies used as the basis of preparing the financial statements as required by the Code of Practice;
- **A Joint Annual Governance Statement (AGS)** is published separately to this Statement of Accounts and sets out details of how the Commissioner and Chief Constable exercise governance over their affairs. The Statement is a statutory document for each corporation sole, albeit it continues to be a combined statement for 2021/22. This aims to aid transparency and understanding to the reader, clearly demonstrating where arrangements are consistent and where they differ between the Commissioner and the Chief Constable. The statement includes an annual review of the adequacy of the governance arrangements, and provides assurance on the systems of internal control.

Statement of Responsibilities

The purpose of this statement is to set out the responsibilities of the Commissioner and the Chief Financial Officer in respect of the Statement of Accounts.

The Commissioner's responsibilities

The Commissioner is required to:

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

I approve the Statement of Accounts for financial year 2021/22.



Police and Crime Commissioner for Dyfed-Powys

Date: 26 July 2023

The Chief Financial Officer's responsibilities

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

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

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

The Chief Financial Officer has also:

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

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Group/Commissioner at the reporting date and of its expenditure and income for the year ended 31 March 2022.



Chief Financial Officer

Date: 26 July 2023

The Independent Auditor's report of the Auditor General for Wales to the Police and Crime Commissioner for Dyfed-Powys

Opinion on financial statements

I have audited the financial statements of:

- Police and Crime Commissioner for Dyfed Powys;
- Police and Crime Commissioner for Dyfed Powys Group which comprises the Police and Crime Commissioner for Dyfed Powys and the Chief Constable of Dyfed Powys Police; and
- Dyfed Powys Police Pension Fund

for the year ended 31 March 2022 under the Public Audit (Wales) Act 2004.

The Police and Crime Commissioner for Dyfed Powys financial statements comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, the Cash Flow Statement and the related notes, including a summary of significant accounting policies.

The Police and Crime Commissioner for Dyfed Powys Group financial statements comprise the Group Expenditure and Funding Analysis, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet, the Group Movement in Reserves Statement, the Group Cash Flow Statement and the related notes, including a summary of significant accounting policies.

The Dyfed Powys Police Pension Fund financial statements comprise the Fund Account and Net Assets Statement and related notes.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

In my opinion the financial statements:

- give a true and fair view of the financial position of the Police and Crime Commissioner for Dyfed Powys, the Police and Crime Commissioner for Dyfed Powys Group, and the Dyfed Powys Police Pension Fund as at 31 March 2022 and of their income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) 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 my report. I am independent of the Police and Crime Commissioner for Dyfed Powys and the Police and Crime Commissioner for Wales' Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Police and Crime Commissioner for Dyfed Powys, the Police and Crime Commissioner for Dyfed Powys Group, and the Dyfed Powys Police Pension Fund's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

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 knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Report on other requirements

Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22; and
- the information given in the joint Annual Governance Statement of the Police and Crime Commissioner for Dyfed Powys and the Chief Constable for Dyfed Powys for the financial year for which the financial statements are prepared is consistent with the financial statements and the joint Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of Police and Crime Commissioner for Dyfed Powys, the Police and Crime Commissioner for Dyfed Powys Group and the Dyfed Powys Police Pension

Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the joint Annual Governance Statement.

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

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

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for the preparation of the statement of accounts, including the Police and Crime Commissioner for Dyfed Powys' Group financial statements and the Dyfed Powys Police Pension Fund, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Police and Crime Commissioner for Dyfed Powys, the Police and Crime Commissioner for Dyfed Powys Group, and the Dyfed Powys Police Pension Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- enquiring of management, the Police and Crime Commissioner for Dyfed Powys and his head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Police and Crime Commissioner for Dyfed Powys, the Police and Crime Commissioner for Dyfed Powys Group, and the Dyfed Powys Police Pension Fund policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;

- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and bias when calculating accounting estimates;
- obtaining an understanding of the Police and Crime Commissioner for Dyfed Powys, the Police and Crime Commissioner for Dyfed Powys Group, and the Dyfed Powys Police Pension Fund's framework of authority as well as other legal and regulatory frameworks that the Police and Crime Commissioner for Dyfed Powys and the Police and Crime Commissioner for Dyfed Powys Group operate in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Police and Crime Commissioner for Dyfed Powys, the Police and Crime Commissioner for Dyfed Powys Group, and the Dyfed Powys Police Pension Fund.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Joint Audit Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Police and Crime Commissioner for Dyfed Powys, the Police and Crime Commissioner for Dyfed Powys Group, and the Dyfed Powys Police Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

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

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the Police and Crime Commissioner for Dyfed Powys, the Police and Crime Commissioner for Dyfed Powys Group, and the Dyfed Powys Police Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.



Adrian Crompton
Auditor General for Wales
24 Cathedral Road
Cardiff
CF11 9LJ
27 July 2023

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

Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded by the Group from resources (government grants, rents and council tax) in comparison with those resources consumed or earned by the Group in accordance with generally accepted accounting practices. Income and Expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

| Expenditure & Funding Analysis 2021/22 | Net Expenditure Chargeable to the General Fund £'000 | Adjustments (please refer to Note 8 for details) £'000 | Net Expenditure in the Comprehensive Income and Expenditure Statement £'000 |
|---|---|--|--|
| Police Officer Pay | 69,300 | 374 | 69,674 |
| Police Officer Overtime | 3,264 | 0 | 3,264 |
| Police Officer Pensions | 1,621 | 19,057 | 20,678 |
| Police Staff Pay | 34,941 | (117) | 34,824 |
| Police Staff Overtime | 185 | 0 | 185 |
| Police Staff Pensions | 0 | 6,588 | 6,588 |
| Other Employee Related Costs | 1,648 | 40 | 1,688 |
| Premises Costs | 4,607 | (402) | 4,205 |
| Transport Costs | 2,026 | (32) | 1,994 |
| Supplies & Services | 11,678 | 185 | 11,863 |
| Agency & Contracted Services | 6,570 | (38) | 6,532 |
| Capital Financing Costs | 2,576 | 2,504 | 5,080 |
| Grants | (11,036) | (33) | (11,069) |
| Other Income | (9,509) | 638 | (8,871) |
| Exceptional Items – Revaluation of Non-Current Assets | 0 | 5,377 | 5,377 |
| Net Cost of Services | 117,871 | 34,141 | 152,012 |
| Other Income and Expenditure | (119,834) | 19,375 | (100,459) |
| Surplus/(Deficit) (Before Reserve Transfers) | (1,963) | 53,516 | 51,553 |
| Transfers to Earmarked Reserves | 1,963 | | |
| Surplus or Deficit for the Year | 0 | | |
| Opening General Fund Balance as at 1 April 2021 | (4,032) | | |
| Less Deficit on General Fund Balance in Year | 0 | | |
| Closing General Fund Balance as at 31 March 2022 | (4,032) | | |

| Expenditure & Funding Analysis 2020/21 | Net Expenditure Chargeable to the General Fund £'000 | Adjustments (please refer to Note 8 for details) £'000 | Net Expenditure in the Comprehensive Income and Expenditure Statement £'000 |
|---|---|--|--|
| Police Officer Pay | 66,775 | 1,652 | 68,427 |
| Police Officer Overtime | 2,774 | 0 | 2,774 |
| Police Officer Pensions | 1,587 | 14,783 | 16,370 |
| Police Staff Pay | 33,327 | 534 | 33,861 |
| Police Staff Overtime | 176 | 0 | 176 |
| Police Staff Pensions | 0 | 4,328 | 4,328 |
| Other Employee Related Costs | 930 | 13 | 943 |
| Premises Costs | 4,323 | (461) | 3,862 |
| Transport Costs | 1,727 | (12) | 1,715 |
| Supplies & Services | 10,241 | (134) | 10,107 |
| Agency & Contracted Services | 5,032 | 201 | 5,233 |
| Capital Financing Costs | 2,837 | 2,019 | 4,856 |
| Grants | (11,926) | 812 | (11,114) |
| Other Income | (7,635) | 237 | (7,398) |
| Exceptional Items – Revaluation of Non-Current Assets | 0 | 0 | 0 |
| Net Cost of Services | 110,168 | 23,972 | 134,140 |
| Other Income and Expenditure | (112,909) | 16,488 | (96,421) |
| Surplus/(Deficit) (Before Reserve Transfers) | (2,741) | 40,460 | 37,719 |
| Transfers to Earmarked Reserves | 2,741 | | |
| Surplus or Deficit for the Year | 0 | | |
| Opening General Fund Balance as at 1 April 2020 | (4,032) | | |
| Less Deficit on General Fund Balance in Year | 0 | | |
| Closing General Fund Balance as at 31 March 2021 | (4,032) | | |

Comprehensive Income and Expenditure Statement

The following Statement summarises the resources that have been generated and consumed in providing policing and crime reduction services during the year.

| Group | | | | | | Commissioner | | |
|------------------------|-----------------------|----------------------|---|------|------------------------|-----------------------|----------------------|--|
| Gross Expend. £'000 | Gross Income £'000 | Net Expend. £'000 | Comprehensive Income and Expenditure Statement 2021/22 | Note | Gross Expend. £'000 | Gross Income £'000 | Net Expend. £'000 | |
| 69,674 | 0 | 69,674 | Police Officer Pay | | 0 | 0 | 0 | |
| 3,264 | 0 | 3,264 | Police Officer Overtime | | 0 | 0 | 0 | |
| 20,678 | 0 | 20,678 | Police Officer Pensions | | 0 | 0 | 0 | |
| 34,824 | 0 | 34,824 | Police Staff Pay | | 1,574 | 0 | 1,574 | |
| 185 | 0 | 185 | Police Staff Overtime | | 0 | 0 | 0 | |
| 6,588 | 0 | 6,588 | Police Staff Pensions | | 257 | 0 | 257 | |
| 1,688 | 0 | 1,688 | Other Employee Related Costs | | 16 | 0 | 16 | |
| 4,205 | 0 | 4,205 | Premises Costs | | 3,745 | 0 | 3,745 | |
| 1,994 | 0 | 1,994 | Transport Costs | | 5 | 0 | 5 | |
| 11,863 | 0 | 11,863 | Supplies & Services | | 130 | 0 | 130 | |
| 6,532 | 0 | 6,532 | Agency & Contracted Services | | 3,174 | 0 | 3,174 | |
| 5,080 | 0 | 5,080 | Capital Financing Costs | | 765 | 0 | 765 | |
| 0 | (11,069) | (11,069) | Grants | 31 | 0 | (11,069) | (11,069) | |
| 0 | (8,871) | (8,871) | Other Income | | 0 | (8,871) | (8,871) | |
| | | | Exceptional items: | | | | | |
| 5,377 | 0 | 5,377 | Revaluation of non-current assets | 6 | 5,377 | 0 | 5,377 | |
| 171,952 | (19,940) | 152,012 | Total Cost of Services | | 15,043 | (19,940) | (4,897) | |
| 146 | (16,685) | (16,539) | Other Operating Income & Expenditure | 11 | 146 | (16,685) | (16,539) | |
| 38,409 | (1,161) | 37,248 | Financing & Investment Income & Expenditure | 12 | 2,034 | (1,161) | 873 | |
| 0 | (121,168) | (121,168) | Taxation & Non-specific Grant Income | 13 | 0 | (121,168) | (121,168) | |
| 0 | 0 | 0 | Commissioning Costs (Intra-group transfer) | | 193,284 | 0 | 193,284 | |
| 210,507 | (158,954) | 51,553 | Surplus/Deficit on Provision of Services | | 210,507 | (158,954) | 51,553 | |
| | | (4,322) | (Surplus) or deficit on revaluation of non-current assets | 6 | | | (4,322) | |
| | | (20,605) | Actuarial (gains)/losses on pension asset/liabilities | | | | (616) | |
| | | 0 | Commissioning Costs (Intra-group transfer) | | | | (19,989) | |
| | | 26,626 | Total Comprehensive Income and Expenditure | | | | 26,626 | |

| Group | | | | | Commissioner | | |
|------------------------|-----------------------|----------------------|--|------|------------------------|-----------------------|----------------------|
| Gross Expend. £'000 | Gross Income £'000 | Net Expend. £'000 | Comprehensive Income and Expenditure Statement 2020/21 (Re-stated) | Note | Gross Expend. £'000 | Gross Income £'000 | Net Expend. £'000 |
| 68,426 | 0 | 68,426 | Police Officer Pay | | 0 | 0 | 0 |
| 2,774 | 0 | 2,774 | Police Officer Overtime | | 0 | 0 | 0 |
| 16,370 | 0 | 16,370 | Police Officer Pensions | | 0 | 0 | 0 |
| 33,860 | 0 | 33,860 | Police Staff Pay | | 1,500 | 0 | 1,500 |
| 176 | 0 | 176 | Police Staff Overtime | | 8 | 0 | 8 |
| 4,328 | 0 | 4,328 | Police Staff Pensions | | 357 | 0 | 357 |
| 943 | 0 | 943 | Other Employee Related Costs | | 8 | 0 | 8 |
| 3,863 | 0 | 3,863 | Premises Costs | | 3,481 | 0 | 3,481 |
| 1,715 | 0 | 1,715 | Transport Costs | | 4 | 0 | 4 |
| 10,108 | 0 | 10,108 | Supplies & Services | | 107 | 0 | 107 |
| 5,233 | 0 | 5,233 | Agency & Contracted Services | | 2,317 | 0 | 2,317 |
| 4,856 | 0 | 4,856 | Capital Financing Costs | | 765 | 0 | 765 |
| 0 | (11,114) | (11,114) | Grants | 31 | 0 | (11,114) | (11,114) |
| 0 | (7,398) | (7,398) | Other Income | | 0 | (7,398) | (7,398) |
| | | | Exceptional items: | | | | |
| 0 | 0 | 0 | Revaluation of non-current assets | 6 | 0 | 0 | 0 |
| 152,652 | (18,512) | 134,140 | Total Cost of Services | | 8,547 | (18,512) | (9,965) |
| 150 | (15,825) | (15,675) | Other Operating Income & Expenditure | 11 | 150 | (15,825) | (15,675) |
| 33,566 | (974) | 32,592 | Financing & Investment Income & Expenditure | 12 | 841 | (974) | (133) |
| 0 | (113,338) | (113,338) | Taxation & Non-specific Grant Income | 13 | 0 | (113,338) | (113,338) |
| 0 | 0 | 0 | Commissioning Costs (Intra-group transfer) | | 176,830 | 0 | 176,830 |
| 186,368 | (148,649) | 37,719 | Surplus/Deficit on Provision of Services | | 186,368 | (148,649) | 37,719 |
| | | (116) | (Surplus) or deficit on revaluation of fixed assets | 6 | | | (116) |
| | | 196,699 | Actuarial (gains)/losses on pension asset/liabilities | | | | 19 |
| | | 0 | Commissioning Costs (Intra-group transfer) | | | | 196,680 |
| | | 234,302 | Total Comprehensive Income and Expenditure | | | | 234,302 |

Movement in Reserves Statement

Financial Year 2021/22

| | Note Ref | General Fund Balance £'000 | Earmarked General Fund Reserves £'000 | Total General Fund Balance £'000 | Capital Receipts Reserve £'000 | Capital Grants Unapplied £'000 | Total Usable Reserves £'000 | Unusable Reserves £'000 | Total Reserves £'000 |
|--|-------------|-------------------------------|--|-------------------------------------|-----------------------------------|-----------------------------------|--------------------------------|----------------------------|-------------------------|
| Opening Balance at 1 April 2021 | | (4,032) | (12,858) | (16,890) | 0 | (119) | (17,009) | 1,602,164 | 1,585,155 |
| Movement in reserves during 2021/22 | | | | | | | | | |
| (Surplus) or deficit on the provision of services | CIES | 51,553 | 0 | 51,553 | 0 | 0 | 51,553 | 0 | 51,553 |
| Other Comprehensive Income and Expenditure | CIES | 0 | 0 | 0 | 0 | 0 | 0 | (24,927) | (24,927) |
| Total Comprehensive Income and Expenditure | | 51,553 | 0 | 51,553 | 0 | 0 | 51,553 | (24,927) | 26,626 |
| Adjustments between accounting basis and funding basis under Regulations | 9 | (53,516) | 0 | (53,516) | 0 | 12 | (53,504) | 53,504 | 0 |
| Net (Increase)/Decrease before Transfers to/from Earmarked Reserves | | (1,963) | 0 | (1,963) | 0 | 12 | (1,951) | 28,577 | 26,626 |
| Net transfers (to)/from earmarked reserves | 10 | 1,963 | (1,963) | 0 | 0 | 0 | 0 | 0 | 0 |
| (Increase)/Decrease in 2021/22 | | 0 | (1,963) | (1,963) | 0 | 12 | (1,951) | 28,577 | 26,626 |
| Balance at 31 March 2022 | | (4,032) | (14,821) | (18,853) | 0 | (107) | (18,960) | 1,630,741 | 1,611,781 |

Financial Year 2020/21

| | Note Ref | General Fund Balance £'000 | Earmarked General Fund Reserves £'000 | Total General Fund Balance £'000 | Capital Receipts Reserve £'000 | Capital Grants Unapplied £'000 | Total Usable Reserves £'000 | Unusable Reserves £'000 | Total Reserves £'000 |
|--|-------------|-------------------------------|--|-------------------------------------|-----------------------------------|-----------------------------------|--------------------------------|----------------------------|-------------------------|
| Balance at 31 March 2020 | | (4,032) | (10,117) | (14,149) | 0 | (426) | (14,575) | 1,365,428 | 1,350,853 |
| Movement in reserves during 2020/21 | | | | | | | | | |
| (Surplus) or deficit on the provision of services | CIES | 37,719 | 0 | 37,719 | 0 | 0 | 37,719 | 0 | 37,719 |
| Other Comprehensive Income and Expenditure | CIES | 0 | 0 | 0 | 0 | 0 | 0 | 196,583 | 196,583 |
| Total Comprehensive Income and Expenditure | | 37,719 | 0 | 37,719 | 0 | 0 | 37,719 | 196,583 | 234,302 |
| Adjustments between accounting basis and funding basis under Regulations | 9 | (40,460) | 0 | (40,460) | 0 | 307 | (40,153) | 40,153 | 0 |
| Net (Increase)/Decrease before Transfers to/from Earmarked Reserves | | (2,741) | 0 | (2,741) | 0 | 307 | (2,434) | 236,736 | 234,302 |
| Net transfers (to)/from earmarked reserves | 10 | 2,741 | (2,741) | 0 | 0 | 0 | 0 | 0 | 0 |
| (Increase)/Decrease in 2020/21 | | 0 | (2,741) | (2,741) | 0 | 307 | (2,434) | 236,736 | 234,302 |
| Balance at 31 March 2021 | | (4,032) | (12,858) | (16,890) | 0 | (119) | (17,009) | 1,602,164 | 1,585,155 |

Balance Sheet

| Group 2020/21 £'000 | Commissioner 2020/21 £'000 | | Note | Group 2021/22 £'000 | Commissioner 2021/22 £'000 |
|---------------------------|----------------------------------|---------------------------------|------|---------------------------|----------------------------------|
| 73,777 | 73,777 | Property, plant & equipment | 14 | 72,950 | 72,950 |
| 4,237 | 4,237 | Investment property | 15 | 3,028 | 3,028 |
| 203 | 203 | Surplus Assets | 14 | 70 | 70 |
| 1,654 | 1,654 | Assets Under Construction | 14 | 5,282 | 5,282 |
| 1,008 | 1,008 | Long term investments | 17 | 0 | 0 |
| 80,879 | 80,879 | Long term assets | | 81,330 | 81,330 |
| 11,509 | 11,509 | Short term investments | 17 | 12,014 | 12,014 |
| 574 | 0 | Inventories | | 608 | 0 |
| 15 | 15 | Assets held for sale | 20 | 162 | 162 |
| 9,983 | 8,866 | Short term debtors | 18 | 11,169 | 10,024 |
| 8,788 | 8,788 | Cash and cash equivalents | 19 | 9,743 | 9,743 |
| 0 | 1,691 | Intra-group transfer | | 0 | 1,753 |
| 30,869 | 30,869 | Current assets | | 33,696 | 33,696 |
| (257) | (257) | Short term borrowing | 17 | (279) | (279) |
| (17,449) | (2,756) | Short term creditors | 21 | (21,590) | (5,758) |
| (1,002) | (1,002) | Short term provisions | 22 | (1,427) | (1,427) |
| 0 | (14,693) | Intra-group transfer | | 0 | (15,832) |
| (18,708) | (18,708) | Current liabilities | | (23,296) | (23,296) |
| (1,254) | (1,254) | Long term borrowing | 17 | (982) | (982) |
| (1,676,022) | (1,676,022) | Other long term liabilities | 37 | (1,700,861) | (1,700,861) |
| (919) | (919) | Long term provisions | 22 | (1,668) | (1,668) |
| (1,678,195) | (1,678,195) | Long term liabilities | | (1,703,511) | (1,703,511) |
| (1,585,155) | (1,585,155) | Net (liabilities)/assets | | (1,611,781) | (1,611,781) |
| (17,009) | (17,009) | Usable reserves | MIRS | (18,960) | (18,960) |
| 1,602,164 | 1,602,164 | Unusable reserves | 23 | 1,630,741 | 1,630,741 |
| 1,585,155 | 1,585,155 | Total reserves | | 1,611,781 | 1,611,781 |

Cash Flow Statement

| Group 2020/21 £'000 | Commissioner 2020/21 £'000 | | Note | Group 2021/22 £'000 | Commissioner 2021/22 £'000 |
|------------------------|----------------------------------|---|-------------|------------------------|----------------------------------|
| 37,719 | 37,719 | Net (surplus) or deficit on the provision of services | CIES | 51,553 | 51,553 |
| (46,762) | (46,762) | Adjustments to net surplus or deficit on the provision of services for non-cash movements | 24 | (60,169) | (60,169) |
| (1,419) | (1,419) | Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities | 24 | 2,883 | 2,883 |
| (10,462) | (10,462) | Net cash flows from Operating Activities | 24 | (5,733) | (5,733) |
| 4,492 | 4,492 | Investing Activities | 25 | 6,852 | 6,852 |
| 2,011 | 2,011 | Financing Activities | 26 | (2,074) | (2,074) |
| (3,959) | (3,959) | Net (increase) or decrease in cash and cash equivalents | 19 | (955) | (955) |
| 4,829 | 4,829 | Cash and cash equivalents at the beginning of the reporting period | 19 | 8,788 | 8,788 |
| 8,788 | 8,788 | Cash and cash equivalents at the end of the reporting period | 19 | 9,743 | 9,743 |

Police Pension Fund

| Group 2020/21 £'000 | Commissioner 2020/21 £'000 | Fund Account | Group 2021/22 £'000 | Commissioner 2021/22 £'000 |
|------------------------|----------------------------------|---|------------------------|----------------------------------|
| | | Contributions receivable | | |
| (13,919) | 0 | Employer contributions | (14,243) | 0 |
| (570) | 0 | Other income (Employers ill health contributions) | (336) | 0 |
| (6,006) | 0 | Officers' contributions | (6,141) | 0 |
| (20,495) | 0 | Contributions receivable | (20,720) | 0 |
| (661) | 0 | Transfers in from other pension funds | (560) | 0 |
| | | Benefits payable | | |
| 29,182 | 0 | Pensions | 30,030 | 0 |
| 7,277 | 0 | Commutations and lump sum retirement benefits | 7,707 | 0 |
| 36,459 | 0 | Benefits Payable | 37,737 | 0 |
| | | Payments to and on account of leavers | | |
| 0 | 0 | Transfers out to other pension funds | 0 | 0 |
| 7 | 0 | Refunds of contributions | 22 | 0 |
| 491 | 0 | Scheme Pays tax payments | 169 | 0 |
| 498 | 0 | Payments to and on account of leavers | 191 | 0 |
| 15,801 | 0 | Net amount payable for the year | 16,648 | 0 |
| (15,801) | (15,801) | Additional contribution from the Police Fund (re Home Office Grant) | (16,648) | (16,648) |
| 0 | 15,801 | Intra-group transfer | 0 | 16,648 |
| 0 | 0 | Total | 0 | 0 |

| Group 2020/21 £'000 | Commissioner 2020/21 £'000 | Net Assets Statement | Group 2021/22 £'000 | Commissioner 2021/22 £'000 |
|------------------------|----------------------------------|---|------------------------|----------------------------------|
| | | Current Assets | | |
| 0 | 0 | Debtor – net balances owed from the Police fund | 544 | 0 |
| 0 | 0 | Current Assets | 544 | 0 |
| | | Current Liabilities | | |
| 0 | 0 | Creditors – benefits payable to retiring officers end of March paid April | (544) | 0 |
| 0 | 0 | Current Liabilities | (544) | 0 |
| 0 | 0 | Net Assets | 0 | 0 |

Notes to the Police Pension Fund Accounts

- The accounting policies followed, and assumptions made regarding the Police Pensions Account are in line with those set out in Note 1 - Accounting Policies;
- The Police Pension Scheme is administered by Carmarthenshire County Council under a Service Level Agreement;
- There are no investment assets in the fund. The payments in and out of the Pension fund are balanced to nil each year by receipt of additional contributions from the General Police Fund, which in turn is reimbursed by a specific Home Office grant (Top Up Grant). This grant is received by the Commissioner and passed on to the Chief Constable by way of an intra-group transfer;
- The Pension Fund's financial statements do not take account of future pension obligations after the 31 March 2022. However, these are presented on the Balance Sheet under 'Other Long Term Liabilities', with detailed disclosures in Note 37 - Defined Benefit Pension Schemes.

Notes to the Accounts

1. Accounting policies

General Principles

The Statement of Accounts summarises the Group's transactions for the 2021/22 financial year and the position at the year-end of 31 March 2022. The Commissioner is required to prepare an annual Statement of Accounts for himself and the Group by the Accounts and Audit (Wales) Regulations 2014 as amended, which require them to be prepared in accordance with proper accounting practice. This practice primarily comprises the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards (IFRS).

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

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

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

Changes in accounting policies are only made when required by proper accounting practices or where the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the financial position or financial performance of the Group. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Group transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Group.
- Revenue from the provision of services is recognised when the Group can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Group.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Group's arrangements for accountability and financial performance.

Exceptional Items

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

Events after the Balance Sheet date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Property, plant and equipment

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it incurred.

Expenditure falling below a de-minimis level of £6,000 per item is treated as Revenue and charged when it is incurred.

Assets are initially measured at cost and are then carried in the Balance Sheet using the following measurement bases:

- Land – fair value;
- Assets under construction – historic cost;
- Operational Buildings – fair value. Non-specialised assets – Existing use value (EUV), Specialised assets – Depreciated replacement cost (DRC);
- Surplus assets – fair value – reviewed annually;
- Assets Held For Sale – fair value – reviewed annually;
- Investment Properties – fair value - reviewed annually;
- All other fair value assets – revalued every five years, determined as the amount that would be paid for the asset in its existing use;
- Vehicles, Equipment and Furniture – historic cost.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the CIES.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives on a straightline basis. The useful economic lives of assets and their residual values are summarised in the table below:

| Asset Category | Useful Economic Life | Residual Value |
|----------------------------|----------------------|-----------------|
| Property | | |
| Land | No depreciation | No depreciation |
| Operational buildings | 10-155 years | Nil |
| Investment properties | No depreciation | No depreciation |
| Surplus assets | 10-155 years | Nil |
| Assets under construction | No depreciation | No depreciation |
| Assets held for sale | No depreciation | No depreciation |
| Boats | | |
| Boat 1 - Hull | 32 years | Nil |
| Boat 2 - Engine | 12 years | Nil |
| Boat 2 | 10 years | Nil |
| Vehicles | | |
| Rapid response | 3 years | Nil |
| Other | 3-5 years | Nil |
| Equipment | | |
| Computer & other equipment | 5 years | Nil |
| Intangible assets | | |
| Other | 3-5 years | Nil |

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

The Group has applied the following de-minimis limits, below which, the component is not separately quantified:

| Life of component (years) | 0-10 | 10-15 | 15-20 | 20-30 | 30-40 | Over 40 |
|---------------------------|------|-------|-------|-------|-------|---------|
| De-minimis (£'000) | 50 | 100 | 200 | 300 | 750 | 1,000 |

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Surplus Assets

Surplus assets are those that are not being actively used in the business (such as vacant properties) and that cannot be classed as “assets held for sale”. Surplus assets will be measured at fair value at each reporting date, based on the amount at which the asset could be exchanged

between knowledgeable parties at arm's-length. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

Disposals and Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES.

Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

Amounts received for a disposal of any asset in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts reserve, and can only be used for new capital investment (or set aside to reduce the Group's underlying need to borrow – the capital financing requirement).

Charges to Revenue for Non-Current Assets

The Comprehensive Income and Expenditure Statement is debited with the following amounts to record the cost of holding non-current assets during the year:

Depreciation attributable to the assets used by the relevant service.

Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

Investment property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

Accounting for Annual Contribution from Revenue

The Group is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in their overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Group as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Group.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Group can be determined by reference to an active market. In practice, no intangible asset held by the Group meets this criterion, and they are therefore carried at amortised cost.

Minimum Revenue Provision

The Local Authorities (Capital Finance and Accounting) Regulations 2003 requires the Commissioner to set aside an amount from revenue each year to provide for the repayment of debt. This is known as Minimum Revenue Provision (MRP). The MRP is measured by the underlying need to borrow rather than the actual debt. Commissioners are required to prepare an annual statement of their policy on making MRP in accordance with statutory guidance and should be calculated on a prudent basis. The policy for 2021/22 includes:

ANNUAL MINIMUM REVENUE PROVISION (MRP) STATEMENT

The following policy has been set by the Commissioner in relation to MRP for 2021/22.

Prudential Borrowing - Depreciation Method

MRP is to be equal to the provision required in accordance with depreciation accounting in respect of the asset on which expenditure has been financed by prudential borrowing or unsupported credit arrangements. This reflects the useful life of the asset which has been estimated at 50 years in respect of Estates assets, 10 years in respect of IT infrastructure assets (e.g. Control Room, RMS) and 5 years for other IT assets.

(a) MRP will continue to be made annually until the cumulative amount of such provision is equal to the expenditure originally financed.

(b) On disposal of the asset, the amount of the capital receipt will not be taken to the revenue account and the Commissioner will comply with the normal requirements of the 2003 Act on the use of capital receipts.

(c) Where the percentage of the expenditure on the asset financed by prudential borrowing or unsupported credit arrangements is less than 100%, MRP will be equal to the same percentage of the provision required under depreciation accounting.

Financial Instruments

Financial Liabilities

These are initially measured at fair value and are carried at their amortised cost. Annual charges to the Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The amount presented in the Balance Sheet is the outstanding principal plus accrued interest.

Financial Assets

Loans and Receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Group has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus accrued interest.

Foreign currency translation

Where the Group has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

Inventories

Inventories are included in the Balance Sheet at current cost price. International Accounting Standard (IAS) 2 states that Inventories should be measured at the lower of cost and net realisable value. The policy does not therefore comply with IAS 2 but the difference is not material.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Provisions

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Reserves

Amounts set aside for purposes falling outside the definition of provisions are considered as reserves. Revenue reserves are available to finance expenditure. Certain capital reserves created as a result of the capital accounting scheme are not available to meet current expenditure and include:

- Revaluation Reserve which records the accumulated gains on the fixed assets held by the Group arising from increases in value, to the extent that these gains have not been consumed by subsequent downward movements in value;
- Capital Adjustment Account, which provides a balancing mechanism between the different rates at which assets are depreciated and are financed through the capital controls system, by accumulating:
 - On the debit side – the write-down of the historical cost of fixed assets as they are consumed by depreciation and impairments or written off on disposal;
 - On the credit side – the resources that have been set aside to finance capital expenditure.

Joint arrangements - Accounting for the consolidation of joint arrangements

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

Further details can be found under the Collaborative Arrangements note.

Employee benefits

Benefits Payable During Employment

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Commissioner and Chief Constable to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Police officers and police staff have the option of belonging to one of two separate pension schemes relevant to them:

- Police Officers Pension Scheme, administered through a Police Pension Fund
- Local Government Pensions Scheme, administered by Carmarthenshire County Council.

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

This Police Officer Pension scheme is "unfunded" which means that no investment assets are built up to pay pensions and other benefits in the future, and therefore no provision to meet the liability for future payments of benefits is included in the Balance Sheet. The liabilities of the Local

Government Scheme that are attributable to the Group are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of earnings for current employees.

Discretionary Benefits

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

Government grants and contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Group when there is reasonable assurance that:

- The Group will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Leases

The rentals payable/receivable are charged to the CIES on an accruals basis.

Value Added Tax (VAT)

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

2. Previous period adjustments

Comprehensive Income and Expenditure Statement (CIES)

The CIES for the Commissioner and the Chief Constable has been restated for 2020/21 to reflect presentational changes in respect of the charge from the Commissioner to the Chief Constable for the use of non-current assets. These changes have no impact on other primary statements within the Statement of Accounts.

Commissioner

In 2020/21, the charges to the Chief Constable for the use of non-current assets were previously being included against the 'Capital Financing Costs' line of the Commissioner's Comprehensive Income and Expenditure Statement (CIES) with an offsetting recharge included against 'Other Income'. This 'grossing up' of income and expenditure resulted in the figures being misleading.

The figures have now been restated to show the Commissioner's share of capital financing costs only, which are those charges that relate to non-operational assets. A corresponding adjustment has been made to reduce the amount shown against 'Other Income'.

The table below shows the effect of the restatements on the Commissioner's CIES:

| Commissioner | Net Income/Expenditure 2020/21 | | |
|-------------------------------|---|--|------------|
| | Net Income/Expenditure (as previously stated) | Net Income/Expenditure (as restated) | Correction |
| | £'000 | £'000 | £'000 |
| Police Officer Pay | 0 | 0 | 0 |
| Police Officer Overtime | 0 | 0 | 0 |
| Police Officer Pensions | 0 | 0 | 0 |
| Police Staff Pay | 1,500 | 1,500 | 0 |
| Police Staff Overtime | 8 | 8 | 0 |
| Police Staff Pensions | 357 | 357 | 0 |
| Other Employee Related Costs | 8 | 8 | 0 |
| Premises Costs | 3,481 | 3,481 | 0 |
| Transport Costs | 4 | 4 | 0 |
| Supplies & Services | 107 | 107 | 0 |
| Agency & Contracted Services | 2,317 | 2,317 | 0 |
| Capital Financing Costs | 4,856 | 765 | (4,091) |
| Grants | (11,114) | (11,114) | 0 |
| Other Income | (11,489) | (7,398) | 4,091 |
| Total Cost of Services | (9,965) | (9,965) | 0 |

Chief Constable

In 2020/21, the charges from the Commissioner for the use of non-current assets were previously being shown against the 'Premises', 'Transport' and 'Supplies and Services' headings which resulted in the figures being misleading. The CIES has now been restated to show the charges against the 'Capital Financing Costs' heading with an explanatory footnote being provided:

| Chief Constable | Net Income/Expenditure 2020/21 | | |
|-------------------------------|---|--|------------|
| | Net Income/Expenditure (as previously stated) | Net Income/Expenditure (as restated) | Correction |
| | £'000 | £'000 | £'000 |
| Police Officer Pay | 68,426 | 68,426 | 0 |
| Police Officer Overtime | 2,774 | 2,774 | 0 |
| Police Officer Pensions | 16,370 | 16,370 | 0 |
| Police Staff Pay | 32,360 | 32,360 | 0 |
| Police Staff Overtime | 168 | 168 | 0 |
| Police Staff Pensions | 3,971 | 3,971 | 0 |
| Other Employee Related Costs | 935 | 935 | 0 |
| Premises Costs | 1,413 | 382 | (1,031) |
| Transport Costs | 2,819 | 1,711 | (1,108) |
| Supplies & Services | 11,953 | 10,001 | (1,952) |
| Agency & Contracted Services | 2,916 | 2,916 | 0 |
| Capital Financing Costs | 0 | 4,091 | 4,091 |
| Total Cost of Services | 144,105 | 144,105 | 0 |

* To represent the Chief Constable's use of the PCC's assets, the CC receives charges equivalent to the capital financing incurred by the PCC. This charge is recognised in the Comprehensive Income and Expenditure Statements.

Group

As the charges from the Commissioner to the Chief Constable are 'inter-group' charges, the above presentational changes have no impact on the CIES for the Group:

| Group | Net Income/Expenditure 2020/21 | | |
|-------------------------------|---|--------------------------------------|------------|
| | Net Income/Expenditure (as previously stated) | Net Income/Expenditure (as restated) | Correction |
| | £'000 | £'000 | £'000 |
| Police Officer Pay | 68,426 | 68,426 | 0 |
| Police Officer Overtime | 2,774 | 2,774 | 0 |
| Police Officer Pensions | 16,370 | 16,370 | 0 |
| Police Staff Pay | 33,860 | 33,860 | 0 |
| Police Staff Overtime | 176 | 176 | 0 |
| Police Staff Pensions | 4,328 | 4,328 | 0 |
| Other Employee Related Costs | 943 | 943 | 0 |
| Premises Costs | 3,863 | 3,863 | 0 |
| Transport Costs | 1,715 | 1,715 | 0 |
| Supplies & Services | 10,108 | 10,108 | 0 |
| Agency & Contracted Services | 5,233 | 5,233 | 0 |
| Capital Financing Costs | 4,856 | 4,856 | 0 |
| Grants | (11,114) | (11,114) | 0 |
| Other Income | (7,398) | (7,398) | 0 |
| Total Cost of Services | 134,140 | 134,140 | 0 |

Balance Sheet

The Balance Sheet for the Commissioner and the Chief Constable have been restated for 2020/21. The Short-term creditors figures have been adjusted in order to account for reclassifications between the Commissioner and the Chief Constable. These changes have no impact on the Group Balance Sheet and do not affect any of the other statements within the Statement of Accounts. The changes are as follows:

Commissioner

| | Short-term Creditors as at 31 March 2021 (as previously stated) | Short-term Creditors as at 31 March 2021 (as restated) | Correction |
|-------------------------------|---|--|--------------|
| | £'000 | £'000 | £'000 |
| | Trade payables | (1,351) | (1,351) |
| Other payables | (3,691) | (1,405) | 2,286 |
| Total Cost of Services | (5,042) | (2,756) | 2,286 |

Chief Constable

| | Short-term Creditors as at 31 March 2021 (as previously stated) £'000 | Short-term Creditors as at 31 March 2021 (as restated) £'000 | Correction £'000 |
|-------------------------------|--|---|---------------------|
| Trade payables | (1,233) | (1,233) | 0 |
| Other payables | (11,174) | (13,460) | (2,286) |
| Total Cost of Services | (12,407) | (14,693) | (2,286) |

Group

| | Short-term Creditors as at 31 March 2021 (as previously stated) £'000 | Short-term Creditors as at 31 March 2021 (as restated) £'000 | Correction £'000 |
|-------------------------------|--|---|---------------------|
| Trade payables | (2,584) | (2,584) | 0 |
| Other payables | (14,865) | (14,865) | 0 |
| Total Cost of Services | (17,449) | (17,449) | 0 |

3. Accounting standards issued but not yet adopted

The Code requires the Police and Crime Commissioner to disclose information relating to the impact of an accounting change that will be required by a new accounting standard that has been issued but not yet adopted by the Code. The annual IFRS improvement programme describes changes to the following standards.

- IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS;
- IAS 37 (Onerous contracts) – clarifies the intention of the standard;
- IFRS 16 (Leases) - The implementation date for this Standard has been further deferred to 1 April 2024;
- IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances;
- IAS 16 (Property, Plant and Equipment) – Amendment to Proceeds before Intended Use.

It is anticipated that the above changes will have no impact on the current Financial Statements. When compiling the Financial Statements for 2022/23, the effect of the changes will be reassessed and if necessary, the comparative figures restated.

4. Critical judgements in applying accounting policies

There continues to be a high degree of uncertainty about future funding levels for the Police and Crime Commissioner for Dyfed-Powys. The Comprehensive Spending Review announced in 2021 indicated that police funding will rise by £100m in 2023/24 and £150m in 2024/25. Significant cost pressures are anticipated locally during these two financial years as a result of pay awards, inflationary pressures, capital financing and officer uplift cost pressures with the Home Office indicating that the Force will need to maintain officer numbers until at least 2026. The Home Office is also undertaking work to update the funding formula which is used to allocate resources amongst policing bodies in England and Wales. In addition, the Police Officer Pension Scheme is in the process of being revalued and it is expected that any change in contribution rate will be applied from 2024/25. This would include the impact of the McCloud / Sargeant remedy as well as demographic or other changes. These matters will take some time to crystallise both in terms of local impact and also within the wider economic landscape. The Commissioner has determined that this uncertainty is not yet sufficiently defined to provide an indication if assets may be impaired, as a result of a need to close facilities, or of a need to reduce the level of service provision.

5. Assumptions and other major sources of estimation uncertainty

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

The items in the Balance Sheet as at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

| Item | Uncertainties | Effect if actual results differ from assumptions |
|---------------------------|--|--|
| Pensions liability | Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide expert advice about the assumptions to be applied. | The carrying amount of the net pensions liability (Local Government and Police Officer schemes) was £1,701m at 31 March 2022 (£1,676m at 31 March 2021). The effects on the liability of changes in individual assumptions can be measured. For instance, an increase of 0.1% in pay award for the police officer pension scheme would result in an increase to the police pension fund liability from £1,621m to £1,628m. |

6. Material items of income and expense

The following are included as material exceptional items, included on the face of the Group and Commissioner's Comprehensive Income and Expenditure Statement.

Revaluation of non-current assets

The Commissioner carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is re-valued at least every five years. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. A full revaluation of all land and buildings was undertaken in 2021/22. The net effect of these revaluations was a decrease in valuation of £2,307k.

The accounting entries in respect of the revaluations are as follows:

| 2020/21 £'000 | Comprehensive Income & Expenditure Statement | 2021/22 £'000 |
|------------------|---|------------------|
| 0 | Cost of Services | 5,377 |
| 0 | Financing and Investment Income and Expenditure | 1,252 |
| (116) | Other Comprehensive Income and Expenditure | (4,322) |
| | Balance Sheet | |
| 0 | Property, plant & equipment | (1,087) |
| (115) | Investment property | (1,252) |
| 0 | Surplus assets | 43 |
| (1) | Assets held for sale | (11) |
| 0 | Capital Adjustment Account | 6,629 |
| (116) | Revaluation Reserve | (4,322) |

7. Events after the Reporting Period

The Draft Statement of Accounts was authorised for issue by the Chief Financial Officer on 26 July 2023.

The Chief Constable of Dyfed-Powys along with other Chief Constables have had claims lodged against them in relation to "On Call Allowance" under Regulation 34 Annex U Police Regulations 2003.

On 10 October 2022 the High Court of Justice handed down judgment in the case of KSO and others v Commissioner of the Metropolis (2019) in favour of the Claimants. Forces are currently considering judgment and the guidance issued within with a view to formulating a fair and reasonable claims evidencing and quantification process.

The judgement occurred after the balance sheet date but was in relation to a condition that existed at the balance sheet date. Although the exact calculation has not yet been completed, a reasonable

estimate of the obligation that existed at the end of the reporting period has been provided for in the 2021/22 Statement of Accounts (please refer to Note 22 – Provisions) .

8. Note to the Expenditure and Funding Analysis

The following note presents further detail in support of the Expenditure and Funding Analysis and provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

2021/22

| Adjustments From General Fund To Arrive At The Comprehensive Income And Expenditure Statement | Adjustments for Capital Purposes (Column A) £'000 | Net change for the Pensions Adjustments (Column B) £'000 | Other Differences (Column C) £'000 | Total Adjustments £'000 |
|---|--|---|---------------------------------------|----------------------------|
| Police Officer Pay | 0 | 0 | 374 | 374 |
| Police Officer Overtime | 0 | 0 | 0 | 0 |
| Police Officer Pensions | 0 | 19,057 | 0 | 19,057 |
| Police Staff Pay | 0 | 0 | (117) | (117) |
| Police Staff Overtime | 0 | 0 | 0 | 0 |
| Police Staff Pensions | 0 | 6,588 | 0 | 6,588 |
| Other Employee Related Costs | 0 | 0 | 40 | 40 |
| Premises Costs | 0 | 0 | (402) | (402) |
| Transport Costs | 0 | 0 | (32) | (32) |
| Supplies & Services | 0 | 0 | 185 | 185 |
| Agency & Contracted Services | 0 | 0 | (38) | (38) |
| Capital Financing Costs | 2,504 | 0 | 0 | 2,504 |
| Grants | 0 | 0 | (33) | (33) |
| Other Income | 0 | 0 | 638 | 638 |
| Exceptional Items – Revaluation of Non-Current Assets | 5,377 | 0 | 0 | 5,377 |
| Net Cost of Services | 7,881 | 25,645 | 615 | 34,141 |
| Other Income and Expenditure | 29 | 19,799 | (453) | 19,375 |
| Surplus / (Deficit) for the Year | 7,910 | 45,444 | 162 | 53,516 |

2020/21

| Adjustments From General Fund To Arrive At The Comprehensive Income And Expenditure Statement | Adjustments for Capital Purposes (Column A) £'000 | Net change for the Pensions Adjustments (Column B) £'000 | Other Differences (Column C) £'000 | Total Adjustments £'000 |
|---|--|---|---------------------------------------|----------------------------|
| Police Officer Pay | 0 | 0 | 1,652 | 1,652 |
| Police Officer Overtime | 0 | 0 | 0 | 0 |
| Police Officer Pensions | 0 | 14,783 | 0 | 14,783 |
| Police Staff Pay | 0 | 0 | 534 | 534 |
| Police Staff Overtime | 0 | 0 | 0 | 0 |
| Police Staff Pensions | 0 | 4,328 | 0 | 4,328 |
| Other Employee Related Costs | 0 | 0 | 13 | 13 |
| Premises Costs | 0 | 0 | (461) | (461) |
| Transport Costs | 0 | 0 | (12) | (12) |
| Supplies & Services | 0 | 0 | (134) | (134) |
| Agency & Contracted Services | 0 | 0 | 201 | 201 |
| Capital Financing Costs | 2,019 | 0 | 0 | 2,019 |
| Grants | 0 | 0 | 812 | 812 |
| Other Income | 0 | 0 | 237 | 237 |
| Net Cost of Services | 2,019 | 19,111 | 2,842 | 23,972 |
| Other Income and Expenditure | (239) | 16,994 | (267) | 16,488 |
| Surplus / (Deficit) for the Year | 1,780 | 36,105 | 2,575 | 40,460 |

Column A - Adjustments for Capital Purposes

For Services – adds in depreciation, impairment and revaluation gains and losses. Statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from services as these are not chargeable under generally accepted accounting practices. Capital grants are adjusted for income not chargeable under generally accepted accounting practices.

For Other Operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Column B - Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS19 *Employee Benefits* pension related expenditure and income:

For Services – this represents the removal of the employer pension contributions made by the Group as allowed by statute and the replacement with current service costs and past service costs.

For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

For Other Operating income and expenditure – the Home Office Pensions ‘Top Up ‘ Grant is credited to the CIES.

Column C - Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

For Services – adjusted by the amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.

For Financing and investment income and expenditure – adjusted by the amount by which finance costs charged to the Comprehensive Income and Expenditure Statement in relation to Financial Instruments differ from finance costs chargeable in the year in accordance with statutory requirements.

A number of presentational adjustments have also been made between Services and Other Income and Expenditure (i.e. above and below the line). Overall, these adjustments have a nil effect.

9. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Group/Commissioner in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Commissioner to meet future capital and revenue expenditure.

| | General Fund Balance | Capital Grants Unapplied | Capital Receipts Reserve | Movement in Unusable Reserves |
|---|----------------------|--------------------------|--------------------------|-------------------------------|
| 2021/22 | £'000 | £'000 | £'000 | £'000 |
| Adjustments primarily involving the Capital Adjustment Account | | | | |
| Reversal of items debited or credited to the CIES | | | | |
| Charges for depreciation and impairment of non-current assets | (5,083) | 0 | 0 | 5,083 |
| Movement in the Fair Value of Investment Properties | (1,252) | 0 | 0 | 1,252 |
| Revaluation losses on property, plant and equipment | (6,987) | 0 | 0 | 6,987 |
| Revaluation gains on property, plant and equipment | 1,194 | 0 | 0 | (1,194) |
| Capital grants and contributions applied | 1,333 | 0 | 0 | (1,333) |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES | (144) | 0 | 0 | 144 |
| Insertion of items not debited or credited to the CIES | | | | |
| Statutory provision for the financing of capital investment | 53 | 0 | 0 | (53) |
| Capital expenditure charged against the General Fund | 2,522 | 0 | 0 | (2,522) |
| Adjustments primarily involving the Capital Grants Unapplied account | | | | |
| Application of grants to capital financing transferred to the Capital Adjustment Account | 0 | 12 | 0 | (12) |
| Adjustments primarily involving the Capital Receipts Reserve | | | | |
| Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES | 37 | 0 | 0 | (37) |
| Adjustments primarily involving the Pensions Reserve | | | | |
| Reversal of items relating to retirement benefits debited or credited to the CIES | 16,648 | 0 | 0 | (16,648) |
| Employer's pensions contributions and direct payments to pensioners payable in the year | (62,092) | 0 | 0 | 62,092 |
| Adjustments primarily involving the Accumulated Balances Account | | | | |
| Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (172) | 0 | 0 | 172 |
| Other adjustments | | | | |
| Correction of prior year balances written out of the Revaluation Reserve | 417 | 0 | 0 | (417) |
| Adjustments in respect of fair share of Collaborative Arrangements | 10 | 0 | 0 | (10) |
| Total adjustments | (53,516) | 12 | 0 | 53,504 |

| | General Fund Balance | Capital Grants Unapplied | Capital Receipts Reserve | Movement in Unusable Reserves |
|---|----------------------|--------------------------|--------------------------|-------------------------------|
| 2020/21 | £'000 | £'000 | £'000 | £'000 |
| Adjustments primarily involving the Capital Adjustment Account | | | | |
| Reversal of items debited or credited to the CIES | | | | |
| Charges for depreciation and impairment of non-current assets | (4,856) | 0 | 0 | 4,856 |
| Movement in the Fair Value of Investment Properties | 0 | 0 | 0 | 0 |
| Revaluation losses on property, plant and equipment | (64) | 0 | 0 | 64 |
| Capital grants and contributions applied | 429 | 0 | 0 | (429) |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES | (150) | 0 | 0 | 150 |
| Insertion of items not debited or credited to the CIES | | | | |
| Statutory provision for the financing of capital investment | 0 | 0 | 0 | 0 |
| Capital expenditure charged against the General Fund | 2,836 | 0 | 0 | (2,836) |
| Adjustments primarily involving the Capital Grants Unapplied account | | | | |
| Application of grants to capital financing transferred to the Capital Adjustment Account | 0 | 307 | 0 | (307) |
| Adjustments primarily involving the Capital Receipts Reserve | | | | |
| Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES | 0 | 0 | 0 | 0 |
| Use of Capital Receipts Reserve to finance new capital expenditure | 24 | 0 | 0 | (24) |
| Adjustments primarily involving the Pensions Reserve | | | | |
| Reversal of items relating to retirement benefits debited or credited to the CIES | 15,801 | 0 | 0 | (15,801) |
| Employer's pensions contributions and direct payments to pensioners payable in the year | (51,906) | 0 | 0 | 51,906 |
| Adjustments primarily involving the Accumulated Balances Account | | | | |
| Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (3,062) | 0 | 0 | 3,062 |
| Adjustments in respect of fair share of Collaborative Arrangements | 488 | 0 | 0 | (488) |
| Total adjustments | (40,460) | 307 | 0 | 40,153 |

10. Transfers to/from Earmarked Reserves

This note describes amounts set aside from the General Fund balance into earmarked reserves to provide financing for future expenditure plans and the amounts transferred in the General Fund from earmarked reserves to during 2021/22.

| Reserve | As at 31 March 2020 £'000 | Transfers in 20/21 £'000 | Transfers out 20/21 £'000 | As at 31 March 2021 £'000 | Reclassifications £'000 | Transfers in 21/22 £'000 | Transfers out 21/22 £'000 | As at 31 March 2022 £'000 |
|--|------------------------------|-----------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|------------------------------|------------------------------|
| General Reserve | (4,032) | 0 | 0 | (4,032) | 0 | 0 | 0 | (4,032) |
| Total General Reserve | (4,032) | 0 | 0 | (4,032) | 0 | 0 | 0 | (4,032) |
| <u>Force Reserves:</u> | | | | | | | | |
| Insurance & Litigation | 0 | (450) | 0 | (450) | 0 | 0 | 0 | (450) |
| Budget Adjustment Reserve | 0 | 0 | 0 | 0 | 0 | (75) | 0 | (75) |
| Police Education Qualifications Framework (PEQF) Reserve | 0 | 0 | 0 | 0 | 0 | (120) | 0 | (120) |
| Bank Holiday Reserve | 0 | 0 | 0 | 0 | 0 | (511) | 0 | (511) |
| Earmarked Revenue Reserve | (774) | 0 | 774 | 0 | 0 | 0 | 0 | 0 |
| Covid-19 Pandemic Reserve / Training backlog | (650) | (678) | 917 | (411) | 411 | (400) | 0 | (400) |
| Chief Constable Operational Fund | (485) | (188) | 174 | (499) | 0 | 0 | 0 | (499) |
| Transformational Projects | 0 | (572) | 0 | (572) | (92) | (404) | 0 | (1,068) |
| Goleudy/Victim Services | 0 | (92) | 0 | (92) | 92 | 0 | 0 | 0 |
| Sustainability Fund | (494) | 0 | 0 | (494) | 0 | 0 | 0 | (494) |

| Reserve | As at 31 March 2020 £'000 | Transfers in 20/21 £'000 | Transfers out 20/21 £'000 | As at 31 March 2021 £'000 | Reclassifications £'000 | Transfers in 21/22 £'000 | Transfers out 21/22 £'000 | As at 31 March 2022 £'000 |
|---|------------------------------|-----------------------------|------------------------------|------------------------------|----------------------------|-----------------------------|------------------------------|------------------------------|
| <u>Commissioner's Reserves:</u> | | | | | | | | |
| Proceeds of Crime Act | (162) | (60) | 86 | (136) | 0 | (85) | 76 | (145) |
| Commissioner's Fund | 0 | (428) | 0 | (428) | 0 | (104) | 58 | (474) |
| Forfeiture Reserve | 0 | (50) | 13 | (37) | 0 | (4) | 7 | (34) |
| Sale of Found Property | 0 | (41) | 7 | (34) | 0 | (3) | 14 | (23) |
| Driver Retraining Scheme | (870) | (42) | 376 | (536) | 0 | (301) | 44 | (793) |
| Drug Intervention | (135) | 0 | 40 | (95) | 0 | 0 | 17 | (78) |
| Total Specific Earmarked Revenue Reserves | (3,570) | (2,601) | 2,387 | (3,784) | 411 | (2,007) | 216 | (5,164) |
| Other Earmarked Capital Reserves | (4,964) | (4,224) | 1,774 | (7,414) | (411) | (213) | 0 | (8,038) |
| Total Earmarked Capital Reserves | (4,964) | (4,224) | 1,774 | (7,414) | (411) | (213) | 0 | (8,038) |
| Regional Collaboration Reserve | (262) | 0 | 0 | (262) | 0 | (45) | 0 | (307) |
| 'Go Safe' Revenue Reserve | (313) | (62) | 0 | (375) | 0 | 0 | 86 | (289) |
| 'Go Safe' Capital Reserve | (1,008) | (15) | 0 | (1,023) | 0 | 0 | 0 | (1,023) |
| Total Ring-Fenced Revenue & Capital Reserves | (1,583) | (77) | 0 | (1,660) | 0 | (45) | 86 | (1,619) |
| Total Usable Reserves | (14,149) | (6,902) | 4,161 | (16,890) | 0 | (2,265) | 302 | (18,853) |

The purpose for each Reserve held by the Group is detailed below:

General Reserve

In accordance with CIPFAs Guidance Note on Local Authority Reserves and Balances, the Commissioner also maintains a General Reserve to act as a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing, and a contingency to cushion the impact of unexpected events or emergencies.

Insurance and Litigation

To assist in mitigating the financial impacts of changes to self-insured levels as a consequence of increases in insurance premiums and litigation exposure.

Budget Adjustment Reserve

The Commissioner has set aside a specific reserve of £75K to offset an error in the calculation of council tax base that occurred during budget setting for 2022/23. This issue will be addressed on a recurring basis during the 2023/24 budget settling process.

Police Education Qualifications Framework (PEQF) Reserve

The Commissioner has created a PEQF Reserve of £120K to mitigate increases in officer uplift training costs arising on a one-off basis in 2022/23. This was a planned reserves movement as part of the MTFP for 2022/23.

Bank Holiday Reserve

The creation of a Bank Holiday reserve totalling £511K will mitigate the costs of the pattern of bank holidays over the forthcoming two years. This was a planned reserves movement as part of the MTFP for 2022/23.

Earmarked Revenue Reserve

This reserve was set up to support the revenue budget and mitigate funding gaps.

Covid-19 Pandemic Reserve /Training backlog

This is a reserve which has been established to assist in partially mitigating the financial implications arising from Covid-19 pandemic linked particularly to training backlogs. This was a planned reserve movement that was included in the MTFP for 2022/23.

Chief Constable Operational Fund

This reserve assists in mitigating against the consequential costs of notable peaks in operational activity.

Transformational Projects

This reserve was set up to fund activities seeking to deliver organisational transformational projects.

Goleudy / Victim Services

This reserve was set up to meet backlogs in Victim Services that arose as a consequence of the Covid-19 pandemic.

Sustainability Fund

This reserve is to assist in funding 'invest to save' and sustainability activities.

Proceeds of Crime Act

Funds are allocated as a result of confiscation orders arising from proceeds of crime. The reserves are utilised to support operational activities which assist in bringing criminals to justice.

Commissioner's Fund

This reserve is to support Term 3 Police and Crime Plan priorities.

Forfeiture Reserve

Money seized under Section 27 Misuse of Drugs Act 1971 and following forfeiture at Court is transferred to the Forfeiture Reserve for use by the Commissioner to fund operations targeting drug related crime and drug abuse.

Sale of Found Property

The Sale of Found Property Fund is made up of monies received by the Commissioner from the sale of found property. It is current policy to provide annual donations to local charities.

Driver Retraining Scheme

This reserve is to support activities in relation to road and community safety initiatives.

Drug Intervention

This reserve will be utilised to support drug testing.

Earmarked Capital Reserve

This reserve will be used to support the significant capital investment in Estates, Information Technology and Fleet as outlined within the MTFP and Capital Strategy.

Regional Collaboration Reserve

This represents the share of funds held for collaborative police services which include the Regional Organised Crime Unit and the Regional Task Force. The funds will be utilised in line with business requirements to support operational delivery.

'Go Safe' Road Safety Partnership Reserve

This Earmarked Reserve is held on behalf of the All Wales 'Go Safe' Road Safety Partnership and will be utilised in line with their business requirements.

11. Other operating income and expenditure

This line contains corporate items of income and expenditure that cannot reasonably be allocated or apportioned to services.

| Group 2020/21 £'000 | Commissioner 2020/21 £'000 | | Group 2021/22 £'000 | Commissioner 2021/22 £'000 |
|---------------------------|----------------------------------|---|---------------------------|----------------------------------|
| 150 | 150 | Loss on the disposal of non-current assets | 146 | 146 |
| (24) | (24) | Gain on the disposal of non-current assets | (37) | (37) |
| (15,801) | (15,801) | Home Office Police Officers Pensions top-up grant | (16,648) | (16,648) |
| (15,675) | (15,675) | Total | (16,539) | (16,539) |

12. Financing and investment income and expenditure

This line contains corporate items of income and expenditure arising from involvement in financial instruments and similar transactions involving interest.

| Group 2020/21 £'000 | Commissioner 2020/21 £'000 | | Note | Group 2021/22 £'000 | Commissioner 2021/22 £'000 |
|---------------------------|----------------------------------|--|------|---------------------------|----------------------------------|
| 193 | 193 | Interest payable and similar charges | 17 | 133 | 133 |
| 32,795 | 70 | Net interest on the net defined benefit liability | 37 | 36,447 | 72 |
| 172 | 172 | Deficit on revaluation of investment properties | | 1,447 | 1,447 |
| (108) | (108) | (Surplus) on revaluation of investment properties | | (195) | (195) |
| (94) | (94) | Interest receivable and similar income | 17 | (62) | (62) |
| (772) | (772) | Income in relation to investment properties and changes in their fair value | | (904) | (904) |
| 406 | 406 | Expenditure in relation to investment properties and changes in their fair value | | 382 | 382 |
| 32,592 | (133) | Total | | 37,248 | (873) |

13. Taxation and non-specific grant incomes

This item consolidates all grants and contributions that cannot be identified to a particular service.

| Group 2020/21 £'000 | Commissioner 2020/21 £'000 | | Note | Group 2021/22 £'000 | Commissioner 2021/22 £'000 |
|---------------------------|----------------------------------|------------------------------------|------|---------------------------|----------------------------------|
| (58,793) | (58,793) | Precept income | | (62,306) | (62,306) |
| (8,677) | (8,677) | National Non Domestic Rates (NNDR) | | (9,213) | (9,213) |
| (45,439) | (45,439) | Non ring fenced government grants | 31 | (48,315) | (48,315) |
| (429) | (429) | Capital grants and contributions | 31 | (1,334) | (1,334) |
| (113,338) | (113,338) | Total | | (121,168) | (121,168) |

14. Property, plant and equipment

| | Land | Buildings | Boat | Vehicles | Equipment | Total Property, Plant & Equipment | Surplus Assets | Assets Under Construction |
|--|--------------|---------------|------------|--------------|---------------|--------------------------------------|----------------|------------------------------|
| 2021/22 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost or valuation at 1 April 2021 | 3,960 | 66,398 | 351 | 7,507 | 13,584 | 91,800 | 255 | 1,654 |
| Additions | 0 | 2,028 | 349 | 1,152 | 1,458 | 4,987 | 0 | 4,105 |
| Revaluation increases/(decreases) recognised in the Revaluation Reserve | 3,189 | 1,411 | 0 | 0 | 0 | 4,600 | 43 | 0 |
| Revaluation increases/(decreases) recognised in surplus/deficit on the Provision of Services | (349) | (5,338) | 0 | 0 | 0 | (5,687) | 0 | 0 |
| Impairment reversals to Surplus/Deficit on the Provision of Services | 0 | 0 | 0 | (100) | 0 | (100) | 0 | 0 |
| Derecognition – disposals | 0 | 0 | 0 | (638) | (1,039) | (1,677) | 0 | (40) |
| Other movements in cost or valuation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Assets reclassified | 0 | 437 | 0 | 0 | 0 | 437 | (169) | (437) |
| Write off of Accumulated Depreciation on Revaluation | 0 | (8,802) | 0 | 0 | 0 | (8,802) | (59) | 0 |
| At 31 March 2022 | 6,800 | 56,134 | 700 | 7,921 | 14,003 | 85,558 | 70 | 5,282 |

Property, plant and equipment continued.

| | Land | Buildings | Boat | Vehicles | Equipment | Total Property, Plant & Equipment | Surplus Assets | Assets Under Construction |
|--|--------------|----------------|--------------|----------------|----------------|--------------------------------------|----------------|------------------------------|
| 2021/22 cont. | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Accumulated depreciation and impairment at 1 April 2021 | 0 | (6,987) | (114) | (4,536) | (6,386) | (18,023) | (52) | 0 |
| Depreciation charge | 0 | (1,815) | (23) | (1,146) | (2,065) | (5,049) | (7) | 0 |
| Depreciation written out to Revaluation Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciation written out to surplus/deficit on the Provision of Services | 0 | 0 | 0 | 76 | 0 | 76 | 0 | 0 |
| Derecognition disposals | 0 | 0 | 0 | 633 | 953 | 1,586 | 0 | 0 |
| Write off of Accumulated Depreciation on Revaluation | 0 | 8,802 | 0 | 0 | 0 | 8,802 | 59 | 0 |
| Accumulated depreciation and impairment at 31 March 2022 | 0 | 0 | (137) | (4,973) | (7,498) | (12,608) | 0 | 0 |
| Net book value at 31 March 2022 | 6,800 | 56,134 | 563 | 2,948 | 6,505 | 72,950 | 70 | 5,282 |
| Net book value at 31 March 2021 | 3,960 | 59,411 | 237 | 2,971 | 7,198 | 73,777 | 203 | 1,654 |

| | Land | Buildings | Boat | Vehicles | Equipment | Total Property, Plant & Equipment | Surplus Assets | Assets Under Construction |
|--|--------------|----------------|--------------|----------------|-----------------|--------------------------------------|----------------|------------------------------|
| 2020/21 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost or valuation at 1 April 2020 | 3,960 | 64,993 | 327 | 8,376 | 26,440 | 104,096 | 431 | 240 |
| Additions | 0 | 1,405 | 24 | 935 | 2,414 | 4,778 | 0 | 1,414 |
| Revaluation increases/(decreases) recognised in the Revaluation Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation increases/(decreases) recognised in surplus/deficit on the Provision of Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Derecognition – disposals | 0 | 0 | 0 | (1,804) | (15,270) | (17,074) | 0 | 0 |
| Other movements in cost or valuation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Assets reclassified | 0 | 0 | 0 | 0 | 0 | 0 | (176) | 0 |
| At 31 March 2021 | 3,960 | 66,398 | 351 | 7,507 | 13,584 | 91,800 | 255 | 1,654 |
| Accumulated depreciation and impairment at 1 April 2020 | 0 | (5,206) | (95) | (5,250) | (19,555) | (30,106) | (37) | 0 |
| Depreciation charge | 0 | (1,781) | (19) | (1,089) | (1,952) | (4,841) | (15) | 0 |
| Depreciation written out to Revaluation Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Derecognition disposals | 0 | 0 | 0 | 1,803 | 15,121 | 16,924 | 0 | 0 |
| Accumulated depreciation and impairment at 31 March 2021 | 0 | (6,987) | (114) | (4,536) | (6,386) | (18,023) | (52) | 0 |
| Net book value at 31 March 2021 | 3,960 | 59,411 | 237 | 2,971 | 7,198 | 73,777 | 203 | 1,654 |
| Net book value at 31 March 2020 | 3,960 | 59,787 | 232 | 3,126 | 6,885 | 73,990 | 394 | 240 |

Revaluations

The Commissioner carries out a programme that ensures assets required to be measured at fair value are normally measured once every five years for each class of asset. A full revaluation of land and buildings was carried out by external valuers, Wilks Head and Eve LLP and was effective from 31 March 2022. The formal valuation was prepared in accordance with the Royal Institution of Chartered Surveyors Valuation Standards with two approaches being (1) valuations based on comparable market evidence (Current Value and Fair Value) and (2) valuations based on a Depreciated Replacement Cost (DRC). No significant assumptions have been applied.

| | Property Plant and Equipment | | | | | |
|-----------------------------------|------------------------------|--------------------|-------------------|--------------------|---------------|----------------|
| | Land £'000 | Buildings £'000 | Vehicles £'000 | Equipment £'000 | Boat £'000 | Total £'000 |
| Carried at historical cost | 3,960 | 0 | 7,921 | 13,975 | 700 | 26,556 |
| Valued at fair value at | | | | | | |
| 31/03/22 | 2,840 | 56,134 | 0 | 0 | 0 | 58,974 |
| 31/03/21 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31/03/20 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31/03/19 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31/03/18 and prior | 0 | 0 | 0 | 28 | 0 | 28 |
| Total cost or valuation | 6,800 | 56,134 | 7,921 | 14,003 | 700 | 85,558 |

15. Investment properties

The following table summarises the movement in the fair value of investment properties over the year

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|--|------------------|
| 3,975 | Balance at start of year | 4,237 |
| 48 | Additions in the year | 43 |
| 162 | Reclassification | 0 |
| 52 | Net gains/(losses) from fair value adjustments | (1,252) |
| 4,237 | Balance at end of year | 3,028 |

Investment properties are measured at fair value based on market evidence.

Details of the Commissioner's investment properties and information about the fair value hierarchy as at 31 March 2022 and 31 March 2021 are as follows:

| 31 March 2022 | Quoted prices in active markets for identical assets (level 1) £'000 | Other significant observable inputs (level 2) £'000 | Significant unobservable inputs (level 3) £'000 | Fair value as at 31 March 2022 £'000 |
|------------------|---|--|--|---|
| Radio Mast Sites | 0 | 1,750 | 0 | 1,750 |
| Office Units | 0 | 1,278 | 0 | 1,278 |

| 31 March 2021 | Quoted prices in active markets for identical assets (level 1) £'000 | Other significant observable inputs (level 2) £'000 | Significant unobservable inputs (level 3) £'000 | Fair value as at 31 March 2021 £'000 |
|------------------|---|--|--|---|
| Radio Mast Sites | 0 | 2,666 | 0 | 2,666 |
| Office Units | 0 | 1,571 | 0 | 1,571 |

Valuation techniques used to determine level 2 and 3 fair values for investment properties

Significant observable inputs – level 2.

The fair value for the radio mast units and office units has been based on the market approach using current market conditions, the duration of leases and rental income.

16. Capital Commitments

Future expenditure commitments under outstanding purchase orders for capital schemes are as follows:

| 2020/21 £'000 | Capital Commitments | 2021/22 £'000 |
|------------------|---------------------|------------------|
| 118 | Land and Buildings | 13,641 |
| 0 | Equipment | 1,739 |
| 0 | Vehicles | 1,188 |
| 118 | Total | 16,568 |

The table above includes all contractual commitments only and does not reflect other schemes the Force plans to do as outlined in the Capital Programme.

The contractual commitment of £13.6m for Land and Building includes £12.5m in relation to the new custody and station facility in Llanelli, covering the full contractual works up to completion. The majority of the contractual commitment for Equipment covers ICT projects including Record Management System (RMS) (£0.7m) and Contact Management System (CMS) (£1m).

17. Financial Instruments

A Financial Instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Liabilities

A Financial Liability is an obligation to transfer economic benefits controlled by the Commissioner and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that are potentially unfavourable to the Commissioner.

Financial Assets

A Financial Asset is a right to future economic benefits controlled by the Commissioner that is represented by cash or other instruments or a contractual right to receive cash or another financial asset.

Financial Instrument – Balances

The following categories of financial instrument are carried in the Balance Sheet as at 31 March 2021 and 31 March 2022:

Group

| | Long Term | | Current | |
|------------------------------------|----------------|---------------|-----------------|-----------------|
| | 31 March 2021 | 31 March 2022 | 31 March 2021 | 31 March 2022 |
| | £'000 | £'000 | £'000 | £'000 |
| Borrowing (PWLB) | (1,254) | (982) | (257) | (279) |
| Creditors | 0 | 0 | (17,449) | (21,590) |
| Total Financial Liabilities | (1,254) | (982) | (17,706) | (21,869) |
| Loans and receivables | | | | |
| Investments | 1,008 | 0 | 11,509 | 12,014 |
| Debtors | 0 | 0 | 9,983 | 11,169 |
| Total Financial Assets | 1,008 | 0 | 21,492 | 23,183 |

Commissioner

| | Long Term | | Current | |
|------------------------------------|----------------|---------------|----------------|----------------|
| | 31 March 2021 | 31 March 2022 | 31 March 2021 | 31 March 2022 |
| | £'000 | £'000 | £'000 | £'000 |
| Borrowing (PWLB) | (1,254) | (982) | (257) | (279) |
| Creditors | 0 | 0 | (5,042) | (5,758) |
| Total Financial Liabilities | (1,254) | (982) | (5,299) | (6,037) |
| Loans and receivables | | | | |
| Investments | 1,008 | 0 | 11,509 | 12,014 |
| Debtors | 0 | 0 | 8,866 | 10,024 |
| Total Financial Assets | 1,008 | 0 | 20,375 | 22,038 |

With regards to Borrowing, the tables reflect external borrowing only.

Gains and LossesFinancial Instruments – Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following items:

| 2020/21 | | Financial Liabilities - Measured at amortised cost | Financial Assets - Loans and receivables | 2021/22 |
|-------------|-------------------------------------|--|--|-------------|
| £'000 | | £'000 | £'000 | £'000 |
| (193) | Interest expense | (133) | 0 | (133) |
| 94 | Interest income | 0 | 62 | 62 |
| (99) | Net gain/(loss) for the year | (133) | 62 | (71) |

Fair Values

Financial assets classified as available for sale and all derivative assets and liabilities are carried in the Balance Sheet at fair value. For most assets, including bonds, treasury bills and shares in money market funds and other pooled funds, the fair value is taken from the market price. The fair

values of other instruments have been estimated calculating the net present value of the remaining contractual cash flows at 31 March 2022, using the following methods and assumptions:

- Certificates of deposit and forward loan contracts have been discounted at market interest rates for instruments of similar credit quality and remaining term to maturity.
- The Public Works Loan Board (PWLB) has provided the Commissioner with fair value amounts in relation to its debt portfolio. The PWLB has assessed the fair Values by calculating the amounts the Commissioner would have had to pay to extinguish the loans on these dates.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including creditors and debtors, is assumed to approximate to the carrying amount.
- For creditors and debtors, the carrying value has been used as a reasonable approximation of fair value.
- Fair values are shown in the table on the following page, split by their level in the fair value hierarchy:
- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices. This also applies to property valuations for Surplus assets, Assets held for sale and Investment properties.
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

There were no transfers between input levels 1 and 2 during the year and there has been no change in the valuation technique used during the year.

| Group | | 2021/22 | Fair value Level | Commissioner | |
|-----------------|-----------------|---|------------------|------------------------|--|
| Carrying amount | Fair value | Carrying amount | | Fair value | |
| 31 March 2022 | 31 March 2022 | 31 March 2022 | | 31 March 2022 | |
| £'000 | £'000 | | £'000 | £'000 | |
| | | Financial Liabilities | | | |
| (982) | (1,183) | Long Term Borrowing | 2 | (982) (1,183) | |
| | | Liabilities for which fair value is not disclosed | | | |
| (279) | (279) | Short Term Borrowing | | (279) (279) | |
| (21,590) | (21,590) | Creditors | | (5,758) (5,758) | |
| (22,851) | (23,052) | Total Financial Liabilities | | (7,019) (7,220) | |
| | | Financial Assets | | | |
| 0 | 0 | Long Term Investments | 2 | 0 0 | |
| 12,014 | 12,012 | Short Term Investments | 2 | 12,014 12,012 | |
| | | Assets for which fair value is not disclosed | | | |
| 11,169 | 11,169 | Debtors | | 10,024 10,024 | |
| 23,183 | 23,181 | Total Financial Assets | | 22,038 22,036 | |

| Group | | 2020/21 | Fair value Level | Commissioner | |
|---|--------------------------------------|---|------------------|---|--------------------------------------|
| Carrying amount 31 March 2021 £'000 | Fair value 31 March 2021 £'000 | | | Carrying amount 31 March 2021 £'000 | Fair value 31 March 2021 £'000 |
| | | Financial Liabilities | | | |
| (1,254) | (1,636) | Long Term Borrowing | 2 | (1,254) | (1,636) |
| | | Liabilities for which fair value is not disclosed | | | |
| (257) | (257) | Short Term Borrowing | | (257) | (257) |
| (17,449) | (17,449) | Creditors | | (5,042) | (5,042) |
| (18,960) | (19,342) | Total Financial Liabilities | | (6,553) | (6,935) |
| | | Financial Assets | | | |
| 1,008 | 1,019 | Long Term Investments | 2 | 1,008 | 1,019 |
| 11,509 | 11,536 | Short Term Investments | 2 | 11,509 | 11,536 |
| | | Assets for which fair value is not disclosed | | | |
| 9,983 | 9,983 | Debtors | | 8,866 | 8,866 |
| 22,500 | 22,538 | Total Financial Assets | | 21,383 | 21,421 |

18. Short-Term Debtors

| Group 31 March 2021 £'000 | Commissioner 31 March 2021 £'000 | | Group 31 March 2022 £'000 | Commissioner 31 March 2022 £'000 |
|---------------------------------|--|-------------------|---------------------------------|--|
| 1,950 | 1,950 | Trade receivables | 1,845 | 1,845 |
| 7,026 | 6,916 | Other receivables | 8,299 | 8,179 |
| 1,007 | 0 | Prepayments | 1,025 | 0 |
| 9,983 | 8,866 | Total | 11,169 | 10,024 |

19. Cash and Cash Equivalents

| | 31 March 2022 £'000 | 31 March 2021 £'000 | Increase or (decrease) in Cash and Cash Equivalents £'000 |
|-----------------------|------------------------|------------------------|---|
| Cash held | 20 | 19 | 1 |
| Bank current accounts | 2,721 | 2,268 | 453 |
| Short term deposits | 7,002 | 6,501 | 501 |
| Total | 9,743 | 8,788 | 955 |

20. Assets held for sale

| | 31 March 2021 £'000 | 31 March 2022 £'000 |
|--|------------------------|------------------------|
| Balance outstanding at start of year | 0 | 15 |
| Assets newly classified as held for sale | | |
| Property, plant and equipment | 0 | 3 |
| Assets reclassified | 14 | 169 |
| Revaluation (losses)/gains | 1 | (10) |
| Assets sold | 0 | (15) |
| Balance outstanding at year end | 15 | 162 |

21. Short-Term Creditors

| Group 31 March 2021 £'000 | Commissioner 31 March 2021 £'000 | | Group 31 March 2022 £'000 | Commissioner 31 March 2022 £'000 |
|---------------------------------|--|----------------|---------------------------------|--|
| 2,584 | 1,351 | Trade payables | 4,462 | 1,242 |
| 14,865 | 1,405 | Other payables | 17,128 | 4,516 |
| 17,449 | 2,756 | Total | 21,590 | 5,758 |

22. Provisions

Short Term Provisions

These are amounts which are expected to be paid within 12 months of the reporting period.

| | Statutory Funds | Ill Health Retirements | Other Provisions | Total |
|---------------------------------------|-----------------|------------------------|------------------|----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 April 2021 | (608) | (307) | (87) | (1,002) |
| Additional provisions made in 2021/22 | (231) | (535) | (165) | (931) |
| Amounts used in 2021/22 | 203 | 165 | 0 | 368 |
| Unused amounts reversed | 0 | 60 | 50 | 110 |
| Reclassification | 0 | 0 | 28 | 28 |
| Balance at 31 March 2022 | (636) | (617) | (174) | (1,427) |

Statutory Funds

The Commissioner is empowered to seize monies or property used, or intended for use, for the purpose of crime. These seized monies are held pending a ruling by the Courts. Once this ruling is made the funds can be disposed of in line with relevant legislation.

Injury Awards and Ill Health Retirements

A provision has been established to meet the cost of ill health retirement payments for those employees who, at the year end, were deemed unlikely to return to work but for whom the full health assessment had yet to be completed.

Other Provisions

The Other Provisions are in respect of backdated travel claims and sponsorship monies.

Long Term Provisions

These are amounts which are expected to be paid more than 12 months after the reporting period.

| | Insurance and Litigation Provision | Municipal Mutual Insurance Ltd | Total |
|---------------------------------------|------------------------------------|--------------------------------|----------------|
| | £'000 | £'000 | £'000 |
| Balance at 1 April 2021 | (462) | (457) | (919) |
| Additional provisions made in 2021/22 | (1,122) | 0 | (1,122) |
| Amounts used in 2021/22 | 113 | 0 | 113 |
| Unused amounts reversed in 2021/22 | 260 | 0 | 260 |
| Balance at 31 March 2022 | (1,211) | (457) | (1,668) |

Insurance and Litigation Provision

An assessment of the likely settlement of insurance claims to be made by the Commissioner has been carried out and this amounted to £561k.

In addition to the above, an amount of £650k has been set aside for the likely settlement of a Legal Claim. The Chief Constable of Dyfed-Powys along with other Chief Constables have had claims lodged against them in relation to Dedicated Source Handling Unit "On Call Allowances" under Regulation 34 Annex U Police Regulations 2003. Please refer to 'Note 7 – Events after the Reporting Period' for further information.

Municipal Mutual Insurance Ltd.(MMI)

MMI is a former insurer of public bodies which ceased trading in 1992. The Commissioner is in a scheme of arrangement to meet all claims that were outstanding at the time the company went out of business.

23. Unusable Reserves

| At 31 March 2021 £'000 | | At 31 March 2022 £'000 |
|---------------------------|----------------------------------|---------------------------|
| (18,671) | Revaluation Reserve | (22,531) |
| (58,571) | Capital Adjustment account | (51,135) |
| 3,494 | Accumulated Absences account | 3,666 |
| 1,676,022 | Pensions Reserve | 1,700,861 |
| (110) | Collaboration Fair Share Reserve | (120) |
| 1,602,164 | Total | 1,630,741 |

Revaluation Reserve

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|--|------------------|
| (19,243) | Balance at 1 April | (18,671) |
| (116) | (Upward)/downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on Provision of Services | (4,322) |
| (19,359) | (Surplus) or deficit on revaluation of non-current assets not posted to the surplus or deficit on the Provision of Services | (22,993) |
| 688 | Amounts written off to the Capital Adjustment Account | 462 |
| (18,671) | Balance at 31 March | (22,531) |

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account

is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Commissioner as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Group/Commissioner.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007.

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|--|------------------|
| (59,356) | Balance at 1 April | (58,571) |
| | Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement | |
| 4,856 | Charges for depreciation and impairment of non-current assets | 5,083 |
| 0 | Revaluation losses on property, plant and equipment | 6,987 |
| 0 | Revaluation gains on property, plant and equipment | (1,194) |
| 0 | Amortisation of intangible assets | 0 |
| 149 | Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | 144 |
| | Adjusting amounts written out of the revaluation reserve: | |
| (467) | - Fair Value Depreciation | (462) |
| (220) | - Correction of prior year balances written out of Revaluation Reserve | (417) |
| (55,038) | | (48,430) |
| | Capital financing applied in the year | |
| (24) | Use of Capital Receipts to finance new capital expenditure | (37) |
| (1,774) | Use of Reserves to finance new capital expenditure | 0 |
| (429) | Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing | (1,333) |
| (307) | Application of grants to capital financing from the Capital Grants Unapplied Account | (12) |
| 0 | Statutory provision for the financing of capital investment charged against the Police Fund | (53) |
| (1,063) | Capital expenditure charged against the General Fund | (2,522) |
| (3,597) | | (3,957) |
| 64 | Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement | 1,252 |
| (58,571) | Balance at 31 March | (51,135) |

Accumulated Absences Account

This account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account. The balance on this account has increased since 1 April 2020 as a consequence of increased permitted carry forward of leave. This decision was taken in order to maximise available capacity during the Covid-19 pandemic.

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|---|------------------|
| 432 | Balance at 1 April | 3,494 |
| (432) | Settlement or cancellation of accrual made at the end of the preceding year | (3,494) |
| 3,494 | Amounts accrued at the end of the current year | 3,666 |
| 3,494 | Balance at 31 March | 3,666 |

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Chief Constable accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Chief Constable makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Commissioner has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|--|------------------|
| 1,443,218 | Balance at 1 April | 1,676,022 |
| 196,699 | Actuarial (gains) or losses on pensions assets and liabilities | (20,605) |
| (15,801) | Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement | (16,648) |
| 51,906 | Employer's pensions contributions and direct payments to pensioners payable in the year. | 62,092 |
| 0 | Potential impact of recent Police Pension Legal Challenge (McCloud) | 0 |
| 1,676,022 | Balance at 31 March | 1,700,861 |

Collaboration Fair Share Reserve

The Collaboration Fair Share Reserve has been set up to represent the restatement of collaborative costs and reflects the difference between the fair value of collaborative costs and actual expenditure incurred in accordance with accounting standards.

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|--|------------------|
| 377 | Balance at 1 April | (110) |
| (377) | Reversal of adjustment made at the end of the preceding year | 110 |
| (110) | Amounts adjusted at the end of the current year | (120) |
| (110) | Balance at 31 March | (120) |

24. Cash flow statement – operating activities

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|---|------------------|
| 37,719 | Net (surplus) or deficit on the provision of services | 51,553 |
| | Adjustments for non-cash movements | |
| (4,856) | Depreciation | (5,082) |
| (116) | (Surplus) or Deficit on Revaluation of Fixed Assets | (4,322) |
| 52 | Revaluation gains/(losses) on Property, Plant & Equipment | (2,306) |
| (36,105) | Net charges made for Retirement Benefits | (45,444) |
| (149) | Sale of Fixed Assets (NBV) | (144) |
| 246 | Contribution (to)/from Provisions | (1,174) |
| (20) | Increase/(Decrease) in Interest on Investments accrual | (9) |
| 0 | (Increase)/Decrease in Interest on Borrowing accrual | 1 |
| 113 | Increase/(Decrease) in Stock | 34 |
| 154 | Increase/(Decrease) in Debtors | 1,186 |
| (6,081) | (Increase)/Decrease in Creditors | (2,909) |
| (46,762) | | (60,169) |
| | Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities | |
| 0 | Proceeds from the sale of property, plant and equipment, investment property and intangible assets | 37 |
| (1,784) | Other payments for financing activities – Agency arrangements | 2,324 |
| 365 | Payments for and Receipts from investing activities | 522 |
| (1,419) | | 2,883 |
| (10,462) | Net cash flows from operating activities | (5,733) |

25. Cash flow statement – investing activities

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|--|------------------|
| 6,805 | Purchase of property, plant and equipment, investment property and intangible assets | 7,906 |
| 43,007 | Purchase of short-term and long-term investments | 96,000 |
| 406 | Other payments for investing activities | 382 |
| 0 | Proceeds from the sale of property, plant and equipment, investment property and intangible assets | (37) |
| (44,955) | Proceeds from short-term and long-term investments | (96,495) |
| (771) | Other receipts from investing activities | (904) |
| 4,492 | Net cash flows from investing activities | 6,852 |

26. Cash flow statement – financing activities

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|---|------------------|
| 227 | Repayments of short and long-term borrowing | 250 |
| 1,784 | Other payments for financing activities | (2,324) |
| 2,011 | Net cash flows from financing activities | (2,074) |

27. Agency Services

In accordance with the requirements of IAS 18 *Revenue*, the Code of Practice requires that where an organisation acts as an agent, transactions will not be reflected in an authority's financial statements, with the exception of cash collected or expenditure incurred by the agent on behalf of the principal, in which case there is a debtor or creditor position and the net cash is included in Financing Activities in the Cash Flow Statement.

Go Safe

Since April 2015, The Police and Crime Commissioner for Dyfed-Powys has been the strategic lead for the financial administration of the 'GoSafe' Partnership. 'GoSafe' is the public facing image of the Wales Road Casualty Reduction Partnership which comprises the 4 Welsh Police Forces, 22 Unitary Authorities for Wales and the Welsh Government (as the Trunk Road authority).

The 'GoSafe' Partnership is funded from two principal sources: a Welsh Government grant, and utilisation of income received from attendance of offenders on Speed Awareness Courses. During 2021/22, the Police and Crime Commissioner for Dyfed-Powys submitted grant claims totalling £2.6m (2020/21: £2.6m), and incurred expenditure to the value of £7.0m (2020/21: £6.9m), on behalf of the Partnership.

PARS

During the year the Police and Crime Commissioner was designated as the national lead for an agency arrangement on behalf of the Home Office. Known as "PARS – Photo at the Roadside" the Police and Crime Commissioner provided administrative services during 2022/23. There was no adverse financial impact and costs incurred were refunded under the arrangement.

As at the 31 March 2022 the Commissioner held £113k of undistributed funds (31 March 2021: £ nil).

LEDS

The Police and Crime Commissioner was designated as the national lead for an agency arrangement for administrative services on behalf of the Home Office known as “LEDS – Law Enforcement Database”. At the 31 March 2022 the Commissioner held £4.1m of undistributed funds (31 March 2021: £ nil). It is anticipated that this balance will be distributed during 2022/23 and costs incurred will be recovered.

28. Collaborative Arrangements

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

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

The collaborative services and their funding continue under revised Commissioner and Force Governance Arrangements. These are in effect considered as ‘Pooled Budgets’ with agreements for funding contributions made and varied from time to time, supported by certain specific government grants. The pooled budgets are effectively hosted by the Police and Crime Commissioner and Chief Constable for South Wales Police on behalf of the four Police Forces in Wales.

The total costs of the collaborative team in 2021-22 were £135k (2020-21 £162k) and Dyfed Powys Police’s contribution to these costs was £28k in 2021-22 (2020-21 £40k).

Income and Expenditure for the main activities of the collaborative units is presented below along with the funding contributions made by each participating Force.

Included in accounting policies under collaborative arrangements is an explanation of the accounting requirements for joint operations. IFRS11, Accounting for Joint Arrangements, requires income and expenditure to be subject to a different accounting treatment than actually incurred. Accordingly expenditure in Comprehensive Income and Expenditure Statement has been increased by £1.0m and income/grants have been increased by £1.1m; a net decrease in expenditure of £120k. This net increase has been reversed in the Movement in Reserves Statement with no impact on the Police Fund balance.

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

Expenditure and Income Statements for 2021/22 for the main collaborative arrangements are as follows:

| Service Classification | Counter Terrorism Intelligence Unit | Counter Terrorism Specialist Advisors | Counter Terrorism Port/Dedicated Security | Regional Organised Crime Unit | Regional Task Force | Joint Firearms Unit | Total £'000 |
|--|-------------------------------------|---------------------------------------|---|-------------------------------------|-----------------------|--------------------------------|-----------------|
| | National Policing £'000 | National Policing £'000 | National Policing £'000 | Intelligence Investigation £'000 | Intelligence £'000 | Specialist Operations £'000 | |
| Pay Expenditure | 6,115 | 534 | 3,895 | 7,508 | 1,909 | 13,255 | 33,216 |
| Non Pay Expenditure | 1,222 | 34 | 312 | 1,209 | 527 | 2,195 | 5,499 |
| Gross Expenditure | 7,337 | 568 | 4,207 | 8,717 | 2,436 | 15,450 | 38,715 |
| Specific Grant Income | (7,303) | (568) | (4,207) | (5,000) | 0 | (1,354) | (18,432) |
| Income | (34) | 0 | 0 | (86) | (46) | (265) | (431) |
| Total Income & Grants | (7,337) | (568) | (4,207) | (5,086) | (46) | (1,619) | (18,863) |
| (Surplus) or Deficit - to be funded from Force contributions as follows | 0 | 0 | 0 | 3,631 | 2,390 | 13,831 | 19,852 |
| Force contributions (net) | | | | | | | |
| Dyfed-Powys | 0 | 0 | 0 | (739) | (486) | (4,149) | (5,374) |
| Gwent | 0 | 0 | 0 | (943) | (621) | (2,766) | (4,330) |
| North Wales | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| South Wales | 0 | 0 | 0 | (1,949) | (1,283) | (6,916) | (10,148) |
| Total Force contributions | 0 | 0 | 0 | (3,631) | (2,390) | (13,831) | (19,852) |

Each Force's contribution towards Expenditure and Income for 2021/22 is as follows:

| Service Classification and agreed basis of apportionment | Counter Terrorism Intelligence Unit | Counter Terrorism Specialist Advisors | Counter Terrorism Port/Dedicated Security | Regional Organised Crime Unit | Regional Task Force | Joint Firearms Unit | Total £'000 |
|--|--|--|--|--|--|---|-----------------|
| | National Policing (Population – national benefit basis) £'000 | National Policing (Population – national benefit basis) £'000 | National Policing (Population – national benefit basis) £'000 | Intelligence/ Investigation (Population – national benefit basis) £'000 | Intelligence (Agreed Financial Contribution – local delivery) £'000 | Specialist Operations (Agreed Financial Contribution – local delivery) £'000 | |
| Dyfed-Powys | 1,210 | 94 | 402 | 1,848 | 495 | 4,635 | 8,684 |
| Gwent | 1,385 | 107 | 461 | 2,114 | 633 | 3,090 | 7,790 |
| North Wales* | 1,628 | 126 | 2,308 | 0 | 0 | 0 | 4,062 |
| South Wales | 3,114 | 241 | 1,036 | 4,755 | 1,308 | 7,725 | 18,179 |
| Gross Expenditure | 7,337 | 568 | 4,207 | 8,717 | 2,436 | 15,450 | 38,715 |
| Dyfed-Powys | (1,210) | (94) | (402) | (1,078) | (9) | (486) | (3,279) |
| Gwent | (1,385) | (107) | (461) | (1,234) | (12) | (324) | (3,523) |
| North Wales* | (1,628) | (126) | (2,308) | 0 | 0 | 0 | (4,062) |
| South Wales | (3,114) | (241) | (1,036) | (2,774) | (25) | (809) | (7,999) |
| Total Income & Grants | (7,337) | (568) | (4,207) | (5,086) | (46) | (1,619) | (18,863) |

Expenditure and Income Statements for 2020/21 for the main collaborative arrangements were as follows:

| Service Classification | Counter Terrorism Intelligence Unit | Counter Terrorism Specialist Advisors | Counter Terrorism Port/Dedicated Security | Regional Organised Crime Unit | Regional Task Force | Joint Firearms Unit | Total £'000 |
|--|-------------------------------------|---------------------------------------|---|-------------------------------------|-----------------------|--------------------------------|-----------------|
| | National Policing £'000 | National Policing £'000 | National Policing £'000 | Intelligence Investigation £'000 | Intelligence £'000 | Specialist Operations £'000 | |
| Pay Expenditure | 5,814 | 527 | 4,111 | 6,292 | 1,627 | 12,375 | 30,746 |
| Non Pay Expenditure | 870 | 12 | 263 | 1,407 | 350 | 1,801 | 4,703 |
| Gross Expenditure | 6,684 | 539 | 4,374 | 7,699 | 1,977 | 14,176 | 35,449 |
| Specific Grant Income | (6,674) | (539) | (4,371) | (4,532) | 0 | (1,234) | (17,350) |
| Income | (10) | 0 | (3) | (125) | (12) | (76) | (226) |
| Total Income & Grants | (6,684) | (539) | (4,374) | (4,657) | (12) | (1,310) | (17,576) |
| (Surplus) or Deficit - to be funded from Force contributions as follows | 0 | 0 | 0 | 3,042 | 1,965 | 12,866 | 17,873 |
| Force contributions (net) | | | | | | | |
| Dyfed-Powys | 0 | 0 | 0 | (619) | (400) | (3,860) | (4,879) |
| Gwent | 0 | 0 | 0 | (790) | (510) | (2,573) | (3,873) |
| North Wales | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| South Wales | 0 | 0 | 0 | (1,633) | (1,055) | (6,433) | (9,121) |
| Total Force contributions | 0 | 0 | 0 | (3,042) | (1,965) | (12,866) | (17,873) |

Each Force's contribution towards Expenditure and Income for 2020/21 was as follows:

| Service Classification and agreed basis of apportionment | Counter Terrorism Intelligence Unit | Counter Terrorism Specialist Advisors | Counter Terrorism Port/Dedicated Security | Regional Organised Crime Unit | Regional Task Force | Joint Firearms Unit | Total £'000 |
|--|--|--|--|--|--|---|-----------------|
| | National Policing (Population – national benefit basis) £'000 | National Policing (Population – national benefit basis) £'000 | National Policing (Population – national benefit basis) £'000 | Intelligence/ Investigation (Population – national benefit basis) £'000 | Intelligence (Agreed Financial Contribution – local delivery) £'000 | Specialist Operations (Agreed Financial Contribution – local delivery) £'000 | |
| Dyfed-Powys | 1,102 | 89 | 413 | 1,631 | 402 | 4,253 | 7,890 |
| Gwent | 1,260 | 102 | 472 | 1,864 | 513 | 2,835 | 7,046 |
| North Wales* | 1,483 | 119 | 2,424 | 0 | 0 | 0 | 4,026 |
| South Wales | 2,839 | 229 | 1,065 | 4,204 | 1,062 | 7,088 | 16,487 |
| Gross Expenditure | 6,684 | 539 | 4,374 | 7,699 | 1,977 | 14,176 | 35,449 |
| Dyfed-Powys | (1,102) | (89) | (413) | (986) | (2) | (393) | (2,985) |
| Gwent | (1,260) | (101) | (472) | (1,128) | (3) | (262) | (3,226) |
| North Wales* | (1,483) | (120) | (2,424) | 0 | 0 | 0 | (4,027) |
| South Wales | (2,839) | (229) | (1,065) | (2,543) | (7) | (655) | (7,338) |
| Total Income & Grants | (6,684) | (539) | (4,374) | (4,657) | (12) | (1,310) | (17,576) |

29. Officers' remuneration

| Senior Employees 2021/22 | From | To | Full-time equivalent salary as at 31.03.22 or end date £ | Actual salary, including allowances £ | Benefits in kind - lease cars £ | Benefits in kind – relocation & rent £ | Pay in Lieu of Notice / Exit Payment £ | Total remuneration excluding pension contributions £ | Pension contributions £ | Total remuneration £ |
|--|------------|------------|--|---|---|--|---|---|-------------------------------|----------------------------|
| Chief Constable | 12/12/2021 | 31/03/2022 | 161,115 | 48,941 | 0 | 12,169 | 0 | 61,110 | 15,172 | 76,282 |
| Temporary Chief Constable | 01/04/2021 | 11/12/2022 | 146,469 | 104,956 | 0 | 0 | 0 | 104,956 | 28,964 | 133,920 |
| Deputy Chief Constable | 12/12/2021 | 31/03/2022 | 122,628 | 38,086 | 0 | 0 | 0 | 38,086 | 11,547 | 49,633 |
| Temporary Deputy Chief Constable | 01/04/2021 | 11/12/2022 | 122,628 | 85,378 | 0 | 0 | 0 | 85,378 | 26,467 | 111,845 |
| Assistant Chief Constable | 12/12/2021 | 31/03/2022 | 119,220 | 36,215 | 0 | 0 | 0 | 36,215 | 11,227 | 47,442 |
| Temporary Assistant Chief Constable | 01/04/2021 | 11/12/2022 | 105,600 | 73,523 | 0 | 0 | 0 | 73,523 | 19,760 | 93,283 |
| Assistant Chief Constable - All Wales Collaboration | 01/04/2021 | 29/01/2022 | 105,600 | 89,053 | 4,893 | 0 | 0 | 93,946 | 27,104 | 121,050 |
| Director of Finance/ Chief Financial Officer to the Chief Constable | 01/04/2021 | 31/03/2022 | 94,482 | 94,482 | 0 | 0 | 0 | 94,482 | 16,818 | 111,300 |
| Commissioner | 01/04/2021 | 31/03/2022 | 66,300 | 66,300 | 0 | 0 | 0 | 66,300 | 11,801 | 78,101 |
| Chief Financial Officer to the Commissioner* | 01/04/2021 | 31/03/2022 | 88,449 | 59,763 | 0 | 0 | 0 | 59,763 | 10,638 | 70,401 |
| Chief of Staff* | 01/04/2021 | 31/03/2022 | 88,449 | 88,449 | 0 | 0 | 0 | 88,449 | 15,744 | 104,193 |
| Director of Estates* | 01/04/2021 | 31/03/2022 | 68,138 | 68,138 | 0 | 0 | 0 | 68,138 | 12,129 | 80,267 |
| Total 2021/22 | | | | 853,284 | 4,893 | 12,169 | 0 | 870,346 | 207,371 | 1,077,717 |

*staff under the direction and control of the Commissioner

The roles of Chief Constable and Deputy Chief Constable are provided with vehicles, however no liability to income tax arises in respect of the benefit as these two officers are on call at all times. This is in accordance with Section 248A of the ITEPA, which states: "1) This section applies where a) an emergency vehicle is made available to a person employed in an emergency service for the person's private use and b) the terms on which it is made available prohibit its private use otherwise than when the person is on call or engaged in on-call commuting and c) the person does not make private use of it other than in such circumstances, 2) No liability to income tax arises by virtue of Chapter 6 or 10 or Part 3 (taxable benefits: cars, vans etc. and residual liability to charge) in respect of the benefit.

| Senior Employees | | | Full-time equivalent salary as at 31.03.21 or end date | Actual salary, including allowances | Benefits in kind - lease cars | Benefits in kind - relocation expenses | Pay in Lieu of Notice / Exit Payment | Total remuneration excluding pension contributions | Pension contributions | Total remuneration |
|---|------------|------------|--|-------------------------------------|-------------------------------|--|--------------------------------------|--|-----------------------|--------------------|
| 2020/21 | From | To | £ | £ | £ | £ | £ | £ | £ | £ |
| Chief Constable | 01/04/2020 | 24/03/2021 | 146,469 | 145,534 | 0 | 0 | 0 | 145,534 | 44,089 | 189,623 |
| Temporary Chief Constable | 27/02/2021 | 31/03/2021 | 131,823 | 12,188 | 0 | 0 | 0 | 12,188 | 3,649 | 15,837 |
| Deputy Chief Constable | 01/04/2020 | 26/02/2021 | 122,628 | 112,522 | 0 | 0 | 0 | 112,522 | 34,234 | 146,756 |
| Temporary Deputy Chief Constable (A) | 28/02/2021 | 31/03/2021 | 122,628 | 10,826 | 0 | 0 | 0 | 10,826 | 3,281 | 14,107 |
| Temporary Assistant Chief Constable (A) | 01/04/2020 | 03/05/2020 | 109,662 | 12,476 | 0 | 0 | 0 | 12,476 | 4,354 | 16,830 |
| Temporary Assistant Chief Constable (B) | 01/04/2020 | 20/06/2020 | 103,023 | 23,574 | 1,136 | 0 | 0 | 24,710 | 7,097 | 31,807 |
| Assistant Chief Constable | 04/05/2020 | 27/02/2021 | 119,220 | 102,143 | 0 | 0 | 0 | 102,143 | 29,510 | 131,653 |
| Temporary Assistant Chief Constable (C) | 28/02/2021 | 31/03/2021 | 105,600 | 8,800 | 0 | 0 | 0 | 8,800 | 2,323 | 11,123 |
| Assistant Chief Constable - All Wales Collaboration | 03/01/2021 | 31/03/2021 | 105,600 | 26,433 | 3,862 | 0 | 0 | 30,295 | 8,008 | 38,303 |
| Director of Finance/ Chief Financial Officer to the Chief Constable | 01/04/2020 | 31/03/2021 | 94,482 | 93,522 | 0 | 0 | 0 | 93,522 | 16,647 | 110,169 |
| Commissioner | 01/04/2020 | 31/03/2021 | 66,300 | 66,300 | 0 | 0 | 0 | 66,300 | 11,801 | 78,101 |
| Chief Financial Officer to the Commissioner* | 01/04/2020 | 31/03/2021 | 84,690 | 58,506 | 0 | 0 | 0 | 58,506 | 10,414 | 68,920 |
| Chief of Staff* | 01/04/2020 | 31/03/2021 | 84,690 | 83,830 | 0 | 0 | 0 | 83,830 | 14,922 | 98,752 |
| Director of Estates* | 01/04/2020 | 31/03/2021 | 68,138 | 67,446 | 0 | 0 | 0 | 67,446 | 12,005 | 79,451 |
| Total 2020/21 | | | | 824,100 | 4,998 | 0 | 0 | 829,098 | 202,334 | 1,031,432 |

*staff under the direction and control of the Commissioner

The roles of Chief Constable and Deputy Chief Constable are provided with vehicles, however no liability to income tax arises in respect of the benefit as these two officers are on call at all times. This is in accordance with Section 248A of the ITEPA, which states: "1) This section applies where a) an emergency vehicle is made available to a person employed in an emergency service for the person's private use and b) the terms on which it is made available prohibit its private use otherwise than when the person is on call or engaged in on call or engaged in on-call commuting and c) the person does not make private use of it other than in such circumstances, 2) No liability to income tax arises by virtue of Chapter 6 or 10 or Part 3 (taxable benefits: cars, vans etc. and residual liability to charge) in respect of the benefit.

An overpayment of salary to the Chief Executive and Chief Finance Officer in 2021/22 was identified during 2022/23. The overpayment has been adjusted and the overpayments are being recovered.

Details of the overpayment are as follows:

| | 2021/22 Amount Paid £ | 2021/22 Amount due £ | 2021/22 Amount overpaid £ |
|-----------------------|--------------------------------|-------------------------------|------------------------------------|
| Chief Executive | 104,193 | 99,765 | 4,428 |
| Chief Finance Officer | 70,401 | 67,409 | 2,992 |
| | 174,594 | 167,174 | 7,420 |

Other employees – (excludes senior officers – itemised above)

The other Group employees receiving more than £60,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

| 2020/21 Number of employees | | 2021/22 Number of employees |
|--------------------------------|---------------------|--------------------------------|
| 25 | £60,000 - £64,999* | 31 |
| 6 | £65,000 - £69,999 | 4 |
| 6 | £70,000 - £74,999 | 3 |
| 2 | £75,000 - £79,999 | 8 |
| 2 | £80,000 - £84,999 | 2 |
| 5 | £85,000 - £89,999 | 4 |
| 1 | £90,000 - £94,999 | 2 |
| 0 | £95,000 - £99,999 | 1 |
| 0 | £100,000-£104,999 | 0 |
| 0 | £105,000-£109,999 | 0 |
| 0 | £110,000-£114,999 | 0 |
| 0 | £115,000-£119,999 | 0 |
| 0 | £120,000-£124,999 | 0 |
| 0 | £125,000-£129,999** | 1 |

*No other staff employed by the Commissioner received remuneration of more than £60,000 in 2021/22

** Remuneration includes a compensation for loss of office payment

Salary over £150,000

One police officer Dr Richard Lewis, Chief Constable receives an annual remuneration of £161,115 (2020/21: none)

Ratio of Chief Constable Remuneration/Chief of Staff Remuneration

The Accounts and Audit Regulations (Wales) in 2014 as amended, requires disclosure of the following ratio information:

- the remuneration of the body's Chief Constable/Chief of Staff during the year to which the accounts relate;
- the median full-time equivalent remuneration of all the body's employees in post at 31 March 2022; and
- the ratio of the amount in sub-paragraph (a) to the amount in sub-paragraph (b).

Remuneration includes basic salary, overtime, allowances and benefits in kind.

Commissioner - Chief of Staff

The remuneration of the Chief of Staff for 2021/22 was £88,449 (2020/21: £84,690)

The median full-time equivalent remuneration of all the Commissioner's employees as at 31 March 2022 was £28,250 (2020/21: £28,250)

The ratio of the Chief of Staff's remuneration to the median Commissioner employee's remuneration was 3:13:1 (2020/21: 3:00:1)

Chief Constable

The Chief Constable was appointed mid-year. The annualised remuneration for the Chief Constable was £161,115 (2020/21: £149,842). In addition, the Chief Constable received a benefit in kind of £12,169 during 2021/22 (2020/21: none)

The median full-time equivalent remuneration of all the Chief Constable's employees as at 31 March 2022 was £35,485 (2020/21: £35,019)

The ratio of the Chief Constable's remuneration to the median Chief Constable employee's remuneration was 4:86:1 (2020/21: 4:28:1)

The Temporary Chief Constable/Deputy Chief Constable was the highest paid person in the year. The actual remuneration was £143,042 (2020/21: £134,330)

The median full-time equivalent remuneration of all the Temporary Chief Constable's employees as at 31 March 2022 was £35,484 (2020/21: £35,019)

The ratio of the Temporary Chief Constable/Deputy Chief Constable's actual remuneration to the median Chief Constable employee's remuneration was 4:03:1 (2020/21: 3:84:1)

Joint Audit Committee Members

The following amounts were paid to members in 2021/22 and 2020/21.

| Group 2020/21 £'000 | Commissioner 2020/21 £'000 | | Group 2021/22 £'000 | Commissioner 2021/22 £'000 |
|---------------------------|----------------------------------|--------------|---------------------------|----------------------------------|
| 0 | 0 | Salaries | 0 | 0 |
| 2 | 2 | Allowances | 2 | 2 |
| 0 | 0 | Expenses | 0 | 0 |
| 2 | 2 | Total | 2 | 2 |

30. External audit costs

In 2021/22 the Commissioner and Chief Constable jointly incurred costs of £82k (2020/21: £79k) in relation to the audit of the Statement of Accounts by the Force's external auditors.

31. Grant Income

The Commissioner credited the following grants to the Comprehensive Income and Expenditure Statement.

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|---|------------------|
| | Credited to Taxation and Non-specific grant income | |
| (33,820) | Police Revenue Grant | (34,070) |
| (7,146) | Welsh Floor Grant | (10,427) |
| (4,473) | Revenue Support Grant | (3,818) |
| (429) | Capital Grants and Contributions | (1,334) |
| (45,868) | Total grants credited to Taxation and Non-specific grant income | (49,649) |
| | Credited to services | |
| | <i>Revenue grants</i> | |
| (2,837) | Police Community Support Officers | (2,980) |
| (2,620) | Counter-Terrorism Grants | (2,765) |
| (1,302) | Specific Grant - pensions | (1,302) |
| (1,190) | Police Uplift Programme | (766) |
| (1,178) | Covid-19 pandemic related grants | (120) |
| (150) | Welsh Government European Union Transition Funding | 0 |
| (367) | Victim Support Services (Goleudy) | (368) |
| (440) | Special Grant – Operation Asper (Penally refugee camp) | 0 |
| (325) | Private Finance Initiative | (311) |
| (301) | All Wales Schools Liaison Programme | (307) |
| (263) | Disclosure and Barring Grant | (268) |
| (195) | Capital Loans Grant | (195) |
| (50) | Conducted Energy Device (Tazer) Grant | 0 |
| (117) | Other Revenue Grants | (71) |
| (11,335) | Total Revenue Grants accounted for by the Force | (9,453) |
| (487) | Victim Support Services | (867) |
| (103) | Safer Streets Fund | (278) |
| 0 | Domestic Abuse Perpetrator Programme Fund | (292) |
| 0 | Funding for the development of the Central Repository of the Single Unified Safeguarding Review | (145) |
| (590) | Total Revenue Grants accounted for by the Commissioner | (1,582) |
| | <i>** Collaborative Grants</i> | |
| 811 | Dedicated Security Posts (Ports Unit) – Fair Share adjustment | (34) |
| (11,114) | Total grants credited to services | (11,069) |

**Police and Crime Commissioners and Police Forces in Wales are complying with requirements arising from the CIPFA guidance on “Accounting for Collaboration”. This guidance requires them to assess all collaborative activity and to adjust for their fair share of grant income in their individual accounts.

32. Related parties

The Group/Commissioner is required to disclose material transactions with related parties, i.e. bodies or individuals that have the potential to control or influence the Group/Commissioner or to be controlled or influenced by the Group/Commissioner. Disclosure of these transactions allows readers to assess the extent to which the Group/Commissioner may have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Group/Commissioner.

Central Government and Other Public Bodies

Central government has significant influence over the general operations of the Group/Commissioner – it is responsible for providing the statutory framework within which the Group/Commissioner operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Group/Commissioner has with other parties. A number of grants are received from the Home Office and the Welsh Government, most of which have strict terms and conditions and these are set out in Note 31.

Local Government

The Police and Crime Commissioner for Dyfed-Powys receives income in the form of precepts from the Council Tax Collection Funds of Local Authorities. The income received for 2020/21 and 2021/22 is provided below:

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|--------------------------------|------------------|
| (19,283) | Carmarthenshire County Council | (20,509) |
| (14,931) | Pembrokeshire County Council | (15,758) |
| (16,258) | Powys County Council | (17,246) |
| (8,321) | Ceredigion County Council | (8,793) |
| (58,793) | Total | (62,306) |

Senior Officers

The Commissioner sits on the board of the Police ICT Company. The Police ICT Company is a company limited by guarantee and is wholly owned by Police and Crime Commissioners across England and Wales. It was established to support policing to make people safer through better ICT and through seeking to act as a bridge between the policing, technological and commercial worlds. During the 2021/22 financial year, the Police and Crime Commissioner for Dyfed-Powys paid a total to the Police ICT Company of £184K (2020/21: £123K).

The Commissioner is a board member for the National Police Air Support Service. The National Police Air Support Service provides air support to Police Forces across England and Wales. During the 2021/22 financial year, the Police and Crime Commissioner for Dyfed-Powys paid a total contribution of £311K (2020/21: £206K) for the service. The Force also seconds two officers to NPAS on a full cost recovery basis.

During 2021/22, the Commissioner has been a board member for Embrace Child Victims of Crime which is a non-paid voluntary role. Embrace Child Victims of Crime is a national charity which supports children, young people and families who are victims of serious crime. During 2021/22, the

Police and Crime Commissioner for Dyfed-Powys did not undertake any financial transactions with Embrace Child Victims of Crime.

No other senior officers declared any related party relationships for 2021/22.

Entities Controlled or significantly Influenced by the Group/Commissioner

The Commissioner and both Chief Financial Officers are trustees of the “Safer Dyfed-Powys Diogel” trust. Further information about the Trust is included in note 40, ‘Trust Funds’. During 2021/22, the Police and Crime Commissioner for Dyfed-Powys did not undertake any financial transactions with Safer Dyfed-Powys Diogel (2020/21: nil).

Joint Audit Committee Members

The total allowances and expenses paid to members during the year are shown in note 29.

During 2021/22, one member of the Joint Audit Committee has been the Director of Finance and ICT for Barcud Housing Association. During 2021/22, the Police and Crime Commissioner for Dyfed-Powys did not undertake any financial transactions with Barcud Housing Association.

None of the remaining members, or parties related to them, have undertaken any material transactions with the Commissioner in 2021/22 or in 2020/21.

33. Capital expenditure and capital financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Group/Commissioner, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Group/Commissioner that has yet to be financed.

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|---|------------------|
| 0 | Opening capital financing requirement | 2,643 |
| 6,192 | Property, Plant and Equipment | 9,092 |
| 48 | Investment Properties | 44 |
| 0 | Assets Held for Sale | 3 |
| | Sources of finance: | |
| (24) | Capital receipts | (37) |
| (736) | Government grants and other contributions | (1,346) |
| (1,774) | Capital Reserves | 0 |
| (1,063) | Direct revenue contributions | (2,522) |
| 0 | Minimum Revenue Provision | (53) |
| 2,643 | Closing capital financing requirement | 7,824 |
| | Explanation of movements in year: | |
| 0 | Capital Financing (Minimum Revenue Provision) | 53 |
| (2,643) | Increase in underlying need to borrowing (unsupported by government financial assistance) | (5,234) |
| (2,643) | (Increase)/decrease in capital financing requirement | (5,181) |

The CFR measures the underlying need to borrow for capital purposes, although this borrowing may not necessarily take place externally. The table above represents any increase in the need to borrow, less any Minimum Revenue Provisions (MRP).

In 2021/22 the MRP is £53k (2020/21: £nil). MRP is chargeable in the year after the asset becomes operational, in line with the MRP policy included in the Treasury Management Strategy 2021/22, outlined in the Accounting Policy section.

34. Leases

Group/Commissioner as Lessee

Operating Leases

The Group/Commissioner leases property from other property owners where appropriate and affordable, to provide suitable accommodation for operational policing and support. The Group/Commissioner also has operating leases for plant and equipment which includes photocopiers.

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

| 31 March 2021 £'000 | | 31 March 2022 £'000 |
|------------------------|---|------------------------|
| 140 | Not later than one year | 192 |
| 404 | Later than one year and not later than five years | 300 |
| 353 | Later than five years | 314 |
| 897 | Total | 806 |

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

| 2020/21 £'000 | | 2021/22 £'000 |
|------------------|------------------------|------------------|
| 157 | Minimum lease payments | 224 |
| 157 | Total | 224 |

Group/Commissioner as LessorOperating Leases

The Group/Commissioner leases out part of its property portfolio to provide suitable and affordable accommodation for other Public Sector Authorities.

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

| Group 31 March 2021 £'000 | Commissioner 31 March 2021 £'000 | | Group 31 March 2022 £'000 | Commissioner 31 March 2022 £'000 |
|---------------------------------|--|---|---------------------------------|--|
| 175 | 175 | Not later than one year | 294 | 294 |
| 559 | 559 | Later than one year and not later than five years | 982 | 982 |
| 847 | 847 | Later than five years | 844 | 844 |
| 1,581 | 1,581 | Total | 2,120 | 2,120 |

35. Impairment Losses

During 2021/22, an impairment loss of £24k has been recognised in relation to seven faulty vehicle engines that were replaced due to health and safety concerns. The carrying amount used for the engines was based on the cost of the replacement as a proxy and adjusted for depreciation and impairment. The impairment loss was charged to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement and then reversed out to the capital adjustment account in the Movement in Reserves Statement.

36. Termination benefits

Group

| 2020/21 | 2020/21 | | 2021/22 | 2021/22 |
|-----------------------------|--|------------------------|-----------------------------|--|
| Number of Departures agreed | Departure cost (including payment in lieu of notice) | | Number of Departures agreed | Departure cost (including payment in lieu of notice) |
| FTE | £'000 | Exit package cost band | FTE | £'000 |
| 0.0 | 0 | £0 - £20,000 | 1.0 | 1 |
| 0.0 | 0 | £20,001 - £40,000 | 0.0 | 0 |
| 0.0 | 0 | £40,001 - £60,000 | 0.0 | 0 |
| 0.0 | 0 | £60,001 - £80,000 | 1.0 | 68 |
| 0.0 | 0 | | 2.0 | 69 |

Two exit packages were paid during 2021/22 (2020/21: nil)

37. Defined benefit pension schemes

Participation in Pension schemes

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

The Group participates in two post-employment schemes:

- The Local Government Pension Scheme (LGPS), administered locally by Carmarthenshire County Council – this is a funded defined benefit CARE (Career Average Revalued Earnings) scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- The Police Officer Pension Scheme – this is an unfunded defined benefit CARE scheme, consequently the fund has no investment assets. Benefits payable are funded by contributions from employers and employees with any difference between benefits payable and contributions receivable being met by a top-up grant from the Home Office.

Valuation of Scheme Liabilities

As a key part of the annual Statement of Accounts compilation exercise, actuaries are engaged to undertake an assessment of pension liabilities, assets and costs for inclusion in the Balance Sheet and Comprehensive Expenditure and Income Statement under International Financial Reporting Standards (IFRS). Traditionally these have been undertaken on a full valuation basis every 3 years with a roll-forward approach being applied in the interim years.

During 2020/21 in order to best manage the uncertainties arising from the McCloud case, the actuaries recommended using the provisions of the CIPFA code to extend the roll-forward valuation to a fourth year. This was consistent with the approach being adopted by others across the sector.

Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge the Group is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following table describes transactions that have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

An intra-group transfer has been processed from the Chief Constable's accounts to the Commissioner's accounts, as the Chief Constable is not responsible for holding reserves.

| Local Government Pension Scheme | | Police Pension Scheme | | | Local Government Pension Scheme | | Police Pension Scheme | |
|---------------------------------|-----------------|-----------------------|------------------|---|---------------------------------|--------------|-----------------------|-----------------|
| Group | Commiss. | Group | Commiss. | | Group | Commiss. | Group | Commiss. |
| 2020/21 | 2020/21 | 2020/21 | 2020/21 | | 2021/22 | 2021/22 | 2021/22 | 2021/22 |
| £'000 | £'000 | £'000 | £'000 | | £'000 | £'000 | £'000 | £'000 |
| | | | | Comprehensive Income and Expenditure Statement (CIES) | | | | |
| | | | | Cost of services | | | | |
| (8,866) | (168) | (29,224) | 0 | Current service cost | (11,399) | (445) | (36,313) | 0 |
| 0 | 0 | 0 | 0 | Past service cost (including McCloud) | 0 | 0 | 0 | 0 |
| (104) | 0 | 0 | 0 | Other | (109) | 0 | 0 | 0 |
| | | | | Financing and Investment Income and Expenditure | | | | |
| (1,792) | (70) | (31,003) | 0 | Net interest expense | (1,856) | (72) | (34,591) | 0 |
| (10,762) | (238) | (60,227) | 0 | Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services | (13,364) | (517) | (70,904) | 0 |
| | | | | Other Post Employment Benefit Charged to the CIES | | | | |
| | | | | Remeasurement of the net defined benefit liability comprising: | | | | |
| 32,527 | 0 | 0 | 0 | Return on plan assets (excluding the amount included in the net interest expense) | 8,505 | 332 | 0 | 0 |
| 0 | 0 | 0 | 0 | Remeasurement gains and losses arising on changes in demographic assumptions | 2,065 | 81 | 38,616 | 0 |
| (36,742) | (19) | (209,710) | 0 | Remeasurement gains and losses arising on changes in financial assumptions | 5,814 | 227 | (47,596) | 0 |
| 3,727 | 0 | 13,499 | 0 | Remeasurement gains/(losses) arising from experience | (621) | (24) | 13,822 | 0 |
| (11,250) | (257) | (256,438) | 0 | Total Post Employment Benefit Charged to the CIES | 2,399 | 99 | (66,062) | 0 |
| 0 | (10,993) | 0 | (256,438) | Commissioning Costs (intra-group transfer) | 0 | 2,300 | 0 | (66,062) |
| (11,250) | (11,250) | (256,438) | (256,438) | Total net cost | 2,399 | 2,399 | (66,062) | (66,062) |
| | | | | Movement in Reserves Statement | | | | |
| 10,762 | 10,762 | 60,227 | 60,227 | Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post - employment benefits in accordance with the Code | 13,364 | 13,364 | 70,904 | 70,904 |
| | | | | Actual amount charged against the General Fund Balance for pensions in the year | | | | |
| (4,642) | (4,642) | (30,242) | (30,242) | Employers' contributions payable to scheme | (4,920) | (4,920) | (33,904) | (33,904) |

Pensions Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Group's obligation in respect of its defined benefit plans is as follows:

| 2021/22 | Local Government Pension Scheme £'000 | Police Pension Scheme £'000 | Total £'000 |
|--|--|--------------------------------|--------------------|
| Present value of the defined benefit obligation | (265,357) | (1,621,351) | (1,886,708) |
| Fair value of plan assets | 185,847 | 0 | 185,847 |
| Net liability arising from defined benefit obligation | (79,510) | (1,621,351) | (1,700,861) |

| 2020/21 | Local Government Pension Scheme £'000 | Police Pension Scheme £'000 | Total £'000 |
|--|--|--------------------------------|--------------------|
| Present value of the defined benefit obligation | (257,304) | (1,589,193) | (1,846,497) |
| Fair value of plan assets | 170,475 | 0 | 170,475 |
| Net liability arising from defined benefit obligation | (86,829) | (1,589,193) | (1,676,022) |

Pensions Liability

The Pensions Liability which is disclosed on the Group Balance Sheet reflects the underlying commitments that the Chief Constable has to pay retirement benefits

Recognition of the total liability has a substantial impact on the net worth as recorded in the Balance Sheet. However statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy as actual pensions and commuted lump sums are being met directly by the Police Pension Fund Account, which is funded by the Home Office via the Commissioner. In the year 2022/23 the Chief Constable will make a pension contribution of 31.0% (2021/22: 31.0%) for police officers and 17.8% (2021/22: 17.8%) for police staff.

Reconciliation of the movements in the fair value of scheme (plan) assets

| | Local Government Pension Scheme | | Police Pension Scheme | |
|---|---------------------------------|------------------|-----------------------|------------------|
| | 2020/21 £'000 | 2021/22 £'000 | 2020/21 £'000 | 2021/22 £'000 |
| Opening fair value of scheme assets | 131,637 | 170,475 | 0 | 0 |
| Interest income | 3,066 | 3,786 | 0 | 0 |
| Remeasurement gain / (loss) - The return on plan assets excluding the amount included in the net interest expense | 32,527 | 8,505 | 0 | 0 |
| Contributions from employer | 4,642 | 4,920 | 30,242 | 33,904 |
| Contributions from employees into the scheme | 1,697 | 1,787 | 6,005 | 6,141 |
| Benefits paid | (2,990) | (3,517) | (36,247) | (40,045) |
| Other (if applicable) | (104) | (109) | 0 | 0 |
| Closing fair value of scheme assets | 170,475 | 185,847 | 0 | 0 |

The majority of the employment costs are incurred by the Chief Constable, therefore assets and liabilities relating to post-employment benefits remain within the Chief Constable and Group accounts.

Reconciliation of present value of the scheme liabilities (defined benefit obligation)

| | Funded Liabilities: Local Government Pension Scheme | | Unfunded Liabilities: Police Pension Scheme | |
|---|---|------------------|---|--------------------|
| | 2020/21 £'000 | 2021/22 £'000 | 2020/21 £'000 | 2021/22 £'000 |
| Opening Balance at 1 April | (211,858) | (257,304) | (1,362,997) | (1,589,193) |
| Current service cost | (8,866) | (11,399) | (29,224) | (36,313) |
| Interest cost | (4,858) | (5,642) | (31,003) | (34,591) |
| Contributions from scheme participants | (1,697) | (1,787) | (6,005) | (6,141) |
| Remeasurement gains/ (losses) arising from changes in demographic assumptions | 0 | 2,065 | 0 | 13,822 |
| Remeasurement gains / (losses) arising from changes in financial assumptions | (36,742) | 5,814 | (209,710) | 38,616 |
| Remeasurement gains/(losses) arising from experience | 3,727 | (621) | 13,499 | (47,596) |
| Past service cost (including McCloud) | 0 | 0 | 0 | 0 |
| Losses/ (gains) on curtailment | 0 | 0 | 0 | 0 |
| Benefits Paid | 2,990 | 3,517 | 36,247 | 40,045 |
| Closing balance at 31 March | (257,304) | (265,357) | (1,589,193) | (1,621,351) |

Fair Value of Scheme Assets (LGPS Scheme)

The LGPS scheme held assets as follows:

| | 31 March 2021 £'000 | 31 March 2022 £'000 |
|---|---------------------------|---------------------------|
| Fair value of scheme assets (LGPS) | | |
| Cash and cash equivalents | 1,995 | 3,159 |
| Equity instruments | 126,288 | 134,312 |
| Bonds | 19,775 | 17,228 |
| Property | 18,837 | 24,290 |
| Alternatives | 3,580 | 6,858 |
| Total Assets | 170,475 | 185,847 |

Basis for estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions including mortality rates and salary levels.

Both the LGPS and Police Officer pension scheme liabilities have been estimated by Mercer Limited, an independent firm of actuaries.

The significant assumptions used by the actuary have been:

| Mortality & Other Assumptions | Local Government Pension Scheme | | Police Pension Scheme | |
|---|---------------------------------|---------|-----------------------|---------|
| | 2020/21 | 2021/22 | 2020/21 | 2021/22 |
| Longevity at 65 (60 for police scheme) for current pensioners | | | | |
| Men | 23.1 | 23.0 | 26.4 | 26.18 |
| Women | 25.0 | 24.9 | 28.5 | 28.38 |
| Longevity at 65 (60 for police scheme) for future pensioners | | | | |
| Men | 24.7 | 24.4 | 28.6 | 28.45 |
| Women | 27.2 | 27.1 | 30.7 | 30.55 |
| Other assumptions | | | | |
| Rate of inflation | 2.7% | 3.2% | 2.7% | 3.2% |
| Rate of increase in salaries | 4.2% | 4.7% | 4.1% | 4.8% |
| Rate of increase in pensions | 2.8% | 3.3% | 2.8% | 3.3% |
| Rate for discounting scheme liabilities | 2.2% | 2.8% | 2.2% | 2.8% |

The assumptions for Police Pension Scheme have been prepared on a weighted average basis of the combined group of plans in use. The estimation of the defined benefit obligation is sensitive to actuarial assumptions set out in the table above.

The sensitivity analyses below have been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the

assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

| | Impact on the defined benefit obligation in the scheme | |
|--|--|-------------------|
| | Increase £'000 | Decrease £'000 |
| Local Government Police Scheme 2021/22 | | |
| Longevity (increase by 1 year) | 7,648 | 0 |
| Rate of inflation (increase by 0.1%) | 5,814 | 0 |
| Rate of increase in salaries (increase by 0.1%) | 1,017 | 0 |
| Rate for discounting scheme liabilities (increase by 0.1%) | 0 | 5,689 |

| | Impact on the defined benefit obligation in the scheme | |
|--|--|-------------------|
| | Increase £'000 | Decrease £'000 |
| Police Pension Scheme 2021/22 | | |
| Longevity (increase by 1 year) | 49,359 | 0 |
| Rate of inflation (increase by 0.1%) | 35,360 | 0 |
| Rate of increase in salaries (increase by 0.1%) | 7,061 | 0 |
| Rate for discounting scheme liabilities (increase by 0.1%) | 0 | 34,565 |

Impact on the Group's Cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Group has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 3 years. The latest Actuarial Valuation was completed on 31 March 2019 and details of the current and future employer's rates are shown below:

| Year | Employer rate |
|---------|---------------|
| 2021/22 | 17.8% |
| 2022/23 | 17.8% |

The contribution rate will be reassessed as part of the Actuarial Valuation being undertaken during 2022/23 and new contributions will be payable from 1 April 2023.

Police Pension Legal Challenge - Career Average Revalued Earnings (McCloud/Sargeant)

The Police and Crime Commissioner, along with Chief Constables and the Home Office currently has a number of claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015. The claims against the Police pension scheme (the Aarons case) had previously been stayed behind the McCloud/Sargeant judgement, but a case management was held in Oct 2019, with the resulting Order including an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. Whilst the interim declaration applied only to claimants, the Government made clear through a Written Ministerial Statement on 25 March 2020 that non-claimants would be treated in the same way.

On 16 July 2020, HM Treasury issued a consultation regarding transitional arrangements for public sector pensions to eliminate discrimination as identified through the McCloud/Sargeant cases. This consultation introduced a requirement for members to have been members of the scheme on or before 31 March 2012 and on or after 1 April to be eligible for remedy.

On 4 February 2021, HM Treasury issued their response to the consultation which confirmed the remedy arrangements set out in the consultation, and states that members would be given a choice as to whether to retain benefits from their legacy pension scheme, or their new scheme, during the remedy period (2015-2022). This choice will be deferred for members until retirement. As the findings of the original Employment Tribunal did not identify that the introduction of the new public sector pension schemes were discriminatory (rather it was the transitional provisions), the legacy schemes will be removed from April 2022 to be replaced by the new pension schemes originally introduced in 2015. Legislation has been enacted and this change was made from April 2022.

Impact on pension liability

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. For the Police and Crime Commissioner, this effects the vast majority of pre 2012 joiners. Scheme actuaries originally estimated the increase in scheme liabilities to be 5.4% or £85.5m of the total police pension scheme liabilities of £1.589 billion. This was recognised in the 2018/19 and 2019/20 accounts.

The accounting figures prepared in 2021 already include an allowance for McCloud that is substantially in line with the eligibility criteria and assumes that protected members currently accrue benefits in their legacy schemes. In 2020/21, the estimate remained unchanged.

For the 2022 exercise, full membership calculations were performed however in the absence of individual membership data reflecting the McCloud remedy (given that calculations have yet to be undertaken by the administration teams) the allowance for McCloud has been assessed in a similar manner to previous years. The 2022 calculations allow for all active members to accrue benefits in the reformed career average scheme from 1 April 2022 onwards. The position will be reviewed in 2023 depending on the extent to which remedy has been implemented.

The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgement on contribution rates for employers and employees will be measured at the next pension valuation process. The next Police Pension valuation is due to be reported in 2023/24, and the indication is that this will affect contribution rates in 2024/25 although this timetable is subject to change.

The impact of an increase in annual pension payments arising from McCloud/Sargeant is determined through the Police Pension Fund Regulations 2007. These require Chief Constable as Scheme Manager to maintain a pension fund into which officer and employer contributions are paid

and out of which pension payments to retired officers are made. If the police pension fund does not have sufficient funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the Commissioner in the form of a central government top-up grant.

Compensation Claims

Claimants have lodged claims for compensation in respect of this case. The Home Secretary has accepted liability for settling these claims and consequently the Police and Crime Commissioner is no longer making a provision for settlement (2020/21: £50k)

Impact of Economic Conditions on Police Staff Pensions

There has been substantial volatility in financial markets since the start of the COVID-19 pandemic. Despite a period of relative stability, recently this volatility has increased again with the situation in Ukraine. This has consequence for asset values, and any changes in markets will be reflected in the accounting figures. Over the same period, volatility has extended to corporate bonds, but ultimately AA-rates corporate bond yields at 31 March 2022 have settled at around 2.7% - 2.8% p.a. higher than at the start of the accounting year. Finally, market-implied RPI has been variable during the year, and has ultimately increased.

The financial assumptions for IAS19 & FRS101/102 depend on market yields at the accounting date. Those yields vary between employers depending on the duration of their pension liabilities. For accounting purposes, actuaries assess the duration at the date of the latest formal actuarial valuation of the Fund (or date of admission to the Fund if later). Overall, the discount rate is based on a yield on corporate bonds of 2.7% - 2.8% p.a. at 31 March.

Pre 2020, actuarial practice was to deduct 1.1% from market-implied RPI to calculate proposed CPI assumption. This margin was partly to allow for an "inflation risk premium" (i.e. supply and demand characteristics in the index-linked gilts market) and partly because CPI is currently a lower measure of inflation than RPI. However, Government has since confirmed that RPI will increase in line with CPIH from 2030. CPIH is generally lower than RPI, meaning RPI inflation will be lower from 2030. The scheme actuaries expect the long term average for CPI and CPIH to be similar.

38. Contingent Liabilities

Undercover Policing Inquiry

The purpose of this inquiry is to investigate and report on undercover police operations conducted by English and Welsh Police Forces in England and Wales since 1968. The inquiry is examining the contribution undercover policing has made to tackling crime, how it was and is supervised and regulated, and its effect on individuals involved – both police officers and others who came into contact with them.

A liability has been established and along with 11 other Forces, external solicitors are engaged to represent serving officers. There is an agreement for Dyfed-Powys Police to meet a 5% share of generic preparation costs incurred by the legal firm and all costs incurred to date have been reflected in revenue accounts.

At this stage, the inquiry is not far enough progressed to reliably estimate future costs therefore no provision has been made in the 2021/22 Accounting Statements.

Concurrent Allowances

In November 2019 the Chief Constable received a number of claims from police staff in respect of claims for unsociable hours and night time allowances to be paid concurrently with overtime pay.

Staff are being represented by UNISON in this matter and no formal agreement on the existence of such entitlement has been reached. No liability has been established and no provision has been made in the 2021/22 Statement of Accounts.

39. Nature and extent of risks arising from financial instruments

The Commissioner has adopted CIPFA's Revised Code of Practice on Treasury Management (2018 version) and complies with the Revised Prudential Code of Capital Finance for Local Authorities (updated in 2018).

As part of the adoption of the Treasury Management Code, the Commissioner approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Commissioner also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the Welsh Government's Investment Guidance for local authorities. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Commissioner's Treasury Management Strategy, together with their Treasury Management Practices are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

The main risks covered are:

- *Credit Risk*: The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Commissioner.
- *Liquidity Risk*: The possibility that the Commissioner might not have the cash available to make contracted payments on time.
- *Market Risk*: The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

Credit Risk**Investments**

The Commissioner manages credit risk by ensuring that investments are placed with Banks and Building Societies having sufficiently high credit worthiness as set out in the Annual Investment Strategy. These include commercial entities with a high minimum long-term credit rating of A-, the UK Government, other Local Authorities, and organisations without credit ratings upon which the Commissioner has received independent investment advice.

The Commissioner's maximum exposure to credit risk in relation to 'non-specified' investments of £30m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Commissioner's deposits, but there was no evidence at the 31 March 2022 that this was likely to crystallise.

The table below summarises the nominal value of the Commissioner's investment portfolio at 31 March 2022, and confirms that all investments were made in line with the Commissioner's approved credit rating criteria:

| Counterparty | Single Counterparty Limit £'000 | Credit Rating Criteria Met When Investment Placed? | Credit Rating Criteria met on 31 March 2022? | Balance Invested as at 31 March 2022 | | | | Over 12 months £'000 | Total £'000 |
|-------------------|------------------------------------|--|--|--------------------------------------|-----------------------------------|------------------------------------|-------------------------------------|-------------------------|----------------|
| | | | | Up to 1 month £'000 | > 1 month and < 3 months £'000 | > 3 months and < 6 months £'000 | > 6 months and < 12 months £'000 | | |
| UK Banks | 2,000 | Yes | Yes | 0 | 4,004 | 0 | 0 | 0 | 4,004 |
| Bonds | 2,000 | Yes | Yes | 0 | 1,008 | 0 | 0 | 0 | 1,008 |
| Money Market | 3,000 | Yes | Yes | 7,002 | 0 | 0 | 0 | 0 | 7,002 |
| Local Authorities | 3,000 | N/A | N/A | 0 | 0 | 0 | 0 | 0 | 0 |
| UK Government | Unlimited | N/A | N/A | 3,000 | 4,002 | 0 | 0 | 0 | 7,002 |
| Total | | | | 10,002 | 9,014 | 0 | 0 | 0 | 19,016 |

The above analysis shows that all deposits outstanding as at 31 March 2022 met the Commissioner's credit rating criteria.

Trade Receivables

The following analysis summarises the Commissioner's potential maximum exposure to credit risk, based on the experience gathered over the last five financial years on the level of default on trade debtors.

Only those receivables meeting the definition of a financial asset are included, i.e. debtors that have arisen as a result of trading activities.

| | 31 March 2021 | 31 March 2022 |
|---|---------------|---------------|
| Gross Trade Debtors (£'000) | 1,950 | 1,845 |
| Bad Debt Provision as a percentage of Group Trade Debtors | 14.0% | 4.8% |
| Credit risk exposure | 267 | 278 |

Liquidity Risk

The Commissioner has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Commissioner will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates.

The maturity analysis of financial liabilities is as follows:

| 31 March 2021 £'000 | Loans maturing within | 31 March 2022 £'000 |
|------------------------|--|------------------------|
| 257 | Under 1 Year | 279 |
| 257 | Total Current Borrowing | 279 |
| 272 | 1 – 2 years | 298 |
| 982 | 2 – 5 years | 684 |
| 0 | 5 – 10 years | 0 |
| 0 | 10 – 15 years | 0 |
| 0 | 15 + years | 0 |
| 1,254 | Total Long Term Borrowing more than 12 months | 982 |

All trade and other payables are due to be paid in less than one year.

Market Risk

Interest Rate Risk

The Commissioner is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at fixed rates – the fair value of the assets will fall.

Price Risk

The Commissioner does not invest in pooled funds or equity shares and therefore is not subject to any price risk (i.e. the risk that the Commissioner will suffer loss as a result of adverse movements in the price of financial instruments).

Foreign Exchange Risk

The Commissioner has no financial asset or liabilities denominated in a foreign currency. It therefore has no exposure to loss arising as a result of adverse movements in exchange rates.

40. Trust Funds

The most recent set of accounts for Safer Dyfed-Powys Diogel are in respect of the 2020/21 financial year, and these were completed in January 2022.

The Charitable Incorporated Organisation (CIO) has been in a period of transition and during 2020/21, the Charity did not receive any donations or incur any expenditure on charity business.

2021/22 is being planned as the progression phase for the CIO, with some exciting options ahead.