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THE POLICE AND CRIME COMMISSIONER FOR DYFED-POWYS

GROUP STATEMENT OF ACCOUNTS



FOR THE YEAR ENDED
31 MARCH 2023



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.

Dr Richard Lewis took up post of Chief Constable in December 2021, returning to the Force after two years as Chief Constable of Cleveland Police. The Commissioner and Chief Constable continue to work together constructively to deliver positive outcomes for the communities of the Dyfed-Powys area.

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, two large ports, 350 miles of coastline and vast areas of countryside, the geography presents significant demand and resourcing challenges.



The resident population of 516,075 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 39% of Dyfed-Powys residents compared with the national average of 18%. 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 Police, along with the Commissioner and his Office, 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.

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.

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 has continued to improve crime data integrity and the Force's focus on vulnerability 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

After considerable engagement with the workforce, partners and the public, the Chief Constable set out 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 continue to 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.

2022/23 was another busy year with the Force's officers and staff dealing with a number of high-profile events including the Queen's funeral, and both significant planned and unplanned operations and incidents.

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 King's Peace.

An Annual Governance Statement (AGS) is published separately, 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. All parties abide by the seven principles set out in the Standards in Public Life, known as the Nolan Principles.

Performance

The Commissioner funded a range of services during 2022/23 to assist in delivering his priorities:

- Continued funding for Goleudy, 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 resulted in front line officers undertaking a needs assessment of victims to identify those that are enhanced in line with Victims' Code of Practice recording. Enhanced victims are then referred to Goleudy for further assessment and support. During 2023/24 the OPCC will be recommissioning the victim services with consideration given to widening the remit to provide support to children and young people.
- The new Independent Domestic Violence Advisory (IDVA) service for high-risk victims of domestic abuse goes live on 1 April 2023. A detailed transition plan has been managed by the incoming service, with the majority of existing IDVA staff transferring and open client caseload being inherited by the new service. The contract currently includes the 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 additional investment is in place until the end of 2024/25 and the Commissioner will continue to lobby for the continuation of this vital funding to services. The core funding provided by the Commissioner and the four Local Authorities across Dyfed-Powys is committed for the duration of the contract.
- 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, with a deadline of October 2023 for accreditation to be achieved. A joint Policing and Health project board is overseeing progress against the shared delivery of services. Following an independent review of Sexual Violence services, the Commissioner will be re-commissioning the Independent Sexual Violence Advisory service in collaboration with the PCCs for South Wales and Gwent. The new service will commence on 1 April 2024. The service will be embedded in the wider model for regionalisation of sexual abuse services.

- 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 in Dyfed-Powys, with a clear focus on evaluation of the outcomes and apportionment of costs between partners. The Commissioner was a key partner in the recommissioning of substance misuse services across Powys, with a new contract commencing in September 2022 including continuation of funding from the Commissioner.
- The Force have undertaken significant work to ensure that all eligible offenders are referred to the Offender Diversion Scheme. This has maximised the capacity of the scheme, delivering holistic assessment and support to divert individuals from the criminal justice system. Analysis of reoffending rates has demonstrated that those on the scheme are less likely to reoffend following the intervention than those who were eligible for the scheme but did not receive the support. Further evaluation of the service is planned prior to re-commissioning, which will commence in 2023/24.
- 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. Following an increase in the volume and complexity of cases during the Covid-19 pandemic, a successful pilot to uplift the capacity within the service has resulted in continuation of the uplifted provision until the end of the existing contract in March 2025.
- From April 2022 the Commissioner provided funding to the local youth justice services within the Dyfed-Powys area to undertake restorative practice with young victims of young offenders. This is a new approach to the funding provided by the Commissioner and follows detailed discussions with Youth Justice Service managers regarding how the Commissioner can best support ongoing resource in line with the priorities of the Police and Crime Plan.

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 both the Policing Board and Police Accountability Board within the Governance structure, with a key focus on improvement.

During 2022/23 45,700 crimes were recorded against 43,077 in 2021/22, an increase of 6.1% (2,623), albeit cognisance must be given to the improvements in crime recording practices along with changes to Home Office Counting Rules which can account for some of the increase.

There have been increases in recorded crime volumes in all priority areas. The most significant increase in recorded offences can be seen for drug related offences with 662 additional crimes recorded during the 2022/23 (2,272) in comparison to 1,610 in 2021/22. These increases can be attributed to better recording practices and enhanced proactivity in ensuring compliance to the national crime recording standard (NCRS) and the Home Office counting rules (HOCR) when recording crimes.

The Force continues to maintain an effective and efficient 999 telephony service. 999 calls are, inevitably, prioritised above all others as they represent urgent emergency requests for assistance where time is of the essence. This is evidenced by a top 10 average position in the league tables over the last 12 months in terms of percentage of calls answered within 10 seconds and average answer rates (at 83% and 9 seconds respectively – source BT Beating Crime Plan League Table).

The public largely consider the 101 service to be a contact channel for reporting non-emergency incidents to the Police, that is, those calls that do not warrant a 999 call. In this respect, Option-1 101 service reflects this expectation. Over the last 12 months 75% of these calls were answered in under 120 seconds, with an average speed of answer of 97 seconds. Abandonment on this service was 11%.

The Force offers a 24/7 Digital Contact Service, this includes the Single Online Home online reporting platform and two-way Social Media communication. Dyfed-Powys Police is one of less than 20 forces to offer Social Media functionality. A recent local study is evidencing that the Single Online Home platform is reducing 101 demand by 10%. A bespoke British Sign Language 101 service to those with hearing impairments is also offered.

Close, and well established, partnership working arrangements are enabling the Force to redirect non-Police demand to the most appropriate agencies. This is reducing misdirected demand and is improving performance to Police callers.

In 2022/23 8,348 arrests were made, this was a 25.8% (1,714) increase in arrest volumes compared to 6,634 in 2021/22. In terms of Domestic Abuse (DA) arrest rates, whilst there has been an increase in the total number of DA offences recorded, there has also been a 4.9% increase in DA arrests.

Considering crimes that were reported and assigned an outcome (finalised) in 2022/23, 70.3% (30,263 crimes) were assigned an outcome within 30 days of it being reported. This is an increase of 4.1% when compared with 2021/22.

Positive outcomes are victim focused and rely on quality of investigations to bring offenders to justice. Overall, there has been an increase in positive outcomes applied. Between November 2021 and April 2022, the positive outcome rate was at 10.5%. Between November 2022 and April 2023 this increased to 17.6%. An outcomes navigation guidance document was created, and this was reported as good practice by the HMICFRS Victim Service Assessment team.

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

The Force was inspected by HMICFRS in 2021 and was re-visited during 2022, as part of an extended evidence gathering period for the new HMICFRS Continuous Assessment Police, Effectiveness, Efficiency and Legitimacy (PEEL) framework. The 2021/2022 PEEL report was subsequently published in August 2022, with an assessment of the Force's performance and gradings against the framework's core question areas. The Force were considered to be 'Good' in four areas, 'Adequate' in six areas and 'Requiring Improvement' in only one area.

HMICFRS recognised the significant progress the Force is making in relation to restructuring services to deliver specialist support to communities and also the work of staff in the Force Communication Centre (FCC), who consistently identify vulnerability and repeat victims, with the Force graded as 'Good' for 'Responding to the Public'. HMICFRS also provided positive feedback to progress made around the new strategic direction and model for Neighbourhood Policing and also the effective arrangements in place to support and safeguard vulnerable members of the communities of Dyfed-Powys and the effective understanding of demand across all areas, with the Force also graded as 'Good' for the 'Prevention of Crime and Anti-social Behaviour', 'Protecting Vulnerable People' and its 'Use of Resources'.

A programme of change is already in place and is being further enhanced to develop a Force Operating Model 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. In addition, the Force has made significant improvements to the governance, scrutiny and processes around the recording and understanding of use of force and stop and search powers, to address feedback provided as part of the inspection.

The Force have undergone a new PEEL Inspection as part of the HMICFRS PEEL 2023-2025 Inspection Programme. The inspection activity continued through to July 2023 with the final report being published in Autumn 2023.

Force Management Statement (FMS)

The Chief Constable submitted the most recent FMS to the HMICFRS in April 2023. Dyfed-Powys Police have opted to complete an FMS lighter touch for 2022. This decision was made due to a number of factors within Force:

- New priorities set out by the Chief (themed around Domestic Abuse, Drugs, Rape and Sexual Offences);
- The Force Review being conducted over the next 3 years;
- A new Operating Model under evaluation (End to End Review);
- A new Performance Framework still being developed;
- The impact of the Covid-19 recovery period;
- Introduction of Smarter Working in the post Covid-19 world;
- NICHE Records Management System (RMS);
- Strategic Policing Requirement (SPR).

The FMS 2022 document includes an overview of each of the above factors and the impact they will have on the Force as a whole. FMS lighter provides an update on the key risks that were highlighted in FMS 2021, how the risks in FMS 2021 have developed and whether any new risks have emerged. Each section also demonstrates how performance is currently measured within that area of business and what future strategic plans are in place to prevent and deter crime and vulnerability to deliver on the Chief Constable's new priorities.

The Lighter Touch version of FMS for 2022 identified a number of cross-cutting themes and priorities:

- Analytical capacity;
- Cost of living/ economic conditions;

- Demand and capacity;
- Non-Human Assets - lack of resilience;
- Hidden demand; and
- Training capacity.

The current FMS approach is a centralised co-ordination and is more closely aligned to the Mid-term Financial Plan (MTFP) and strategic planning. The Force will continue to revise its methodology for producing the FMS to ensure the most efficient and effective approach to Strategic Planning.

The MTFP for 2023/24 can be found here:

<https://www.dyfedpowys-pcc.org.uk/media/11628/2324-mtfp-and-precept-report-for-panel-final-1.docx>

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.

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
Professional Standards	Partnerships	
Major Operations		
Health and Safety		

Having recognised the extent of future financial challenges, the Chief Constable initiated a Force Review Programme in June 2022 to support, challenge, and facilitate the identification and delivery of operational business improvements and delivery of budget saving targets of circa £10 million over the next 3 years. Importantly, the Chief Constable also took a range of early steps to proactively contain expenditure within 2022/23, which could then mitigate financial burdens as well as assisting

in meeting future one-off pressures. The Commissioner also took measures to contain expenditure within his own office, which will allow some flexibility in dealing with financial challenges.

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

For the 2022/23 financial year, the Commissioner and Force had a budgeted establishment of 1,294 Police Officers, 148 Police Community Support Officers (PCSOs) and 851 Police Staff. A breakdown of the distribution of staffing is shown in the table below:

	Police Officers	PCSOs	Police Staff	Total
Budgeted Positions 2022/23	FTE	FTE	FTE	FTE
Local Policing	551	148	33	732
Investigations	438	0	179	617
Operational Support (including Call Handling)	178	0	130	308
Criminal Justice	1	0	62	63
Scientific Support and Digital Forensics	10	0	41	51
Professional Standards	8	0	17	25
Other including Business Support	35	0	338	373
Office of the Police and Crime Commissioner	0	0	19	19
Seconded and Funded Areas	73	0	32	105
Total	1,294	148	851	2,293

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. The Police Education Qualifications Framework (PEQF) 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 has also been increasing establishment in line with the Home Office Police Uplift Programme to recruit an additional 20,000 officers by March 2023. Dyfed-Powys Police has realised increases of 42 in 2020/21, a further 42 in 2021/22 and a final 57 for 2022/23. The financial implications are further outlined within the MTFP.

The Commissioner has an Office which supports him to deliver the 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 19 FTE for 2022/23. 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 £155.2m (2021/22: £152m) has been spent on providing policing services to the public of Dyfed-Powys Police in 2022/23. The Statement provides an analysis across the main cost components. For example, the largest element was spent on Police Officer Pay which accounted for £73.5m (2021/22: £69.7m) of the total in 2022/23.

The Balance Sheet provides a snapshot of the Commissioner's assets and liabilities as at 31 March 2023.

The Group Balance Sheet is dominated by the long-term liability of £1,073m (previously £1,701m) that exists in respect of future pension liabilities for police officers and staff. This represents the amount that would need to be 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. There has been a significant reduction in this liability since March 2022 of £628m which is due to changes in actuarial assumptions including the discount factor, as set out in the pension notes.

The next largest item on the Balance Sheet is the £80.3m (2021/22: £73.0m) of property, plant & equipment owned by the Commissioner which have been subject to formal independent revaluation at the end of March 2023. In addition to these long-term assets, the Commissioner held £18.2m (2021/22: £33.7m) of short-term assets which are predominately short-term debtors and cash.

Financial Performance and Budget Variance Analysis 2022/23

The Commissioner set a budget of £127.4m as a Revenue Budget for the financial year 2022/23 which incorporated a use of reserves of £1.0m as well as financial savings of £1.9m which were deducted from baseline budgets. These cashable savings were to be delivered across several initiatives including workforce structures, collaborative arrangements, ICT (Information and Communications Technology) developments, income generation and significant reductions in non-pay spending delivered through procurement and other cost reduction initiatives. After the lifting of the public sector pay freeze, the budget assumed pay awards of 3.5% along with a 3.25% increase in general inflation on non-pay costs with some specific additional inflationary increases for utilities.

The table on the following page sets out the final out-turn position for 2022/23 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.

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	2.3	2.3	2.2	0.1
Transfer to/(from) Reserves - Commissioner	0.0	0.0	0.1	(0.1)
Total Commissioner Revenue Budget Costs	2.30	2.30	2.30	0.0
Chief Constable				
Police Pay and Allowances	72.6	72.7	71.4	1.3
Police Officer Overtime	1.7	1.7	2.1	(0.4)
Bank Holidays	0.9	0.9	1.2	(0.3)
Police Staff Pay and Allowances	36.2	36.3	35.7	0.6
Police Staff Overtime	0.2	0.2	0.2	0.0
Pension Costs	1.8	1.8	1.5	0.3
Recruitment, Insurance and Training	2.2	2.2	1.8	0.4
Premises Costs	4.6	4.6	4.5	0.1
Other Non-Pay Costs	11.0	10.8	10.2	0.6
Telephone Analysis and Forensics	2.4	2.4	2.5	(0.1)
Collaboration Payments	3.3	3.2	3.8	(0.6)
Grants	(10.0)	(10.0)	(10.8)	0.8
Income	(3.9)	(3.9)	(4.9)	1.0
Capital Financing	3.3	3.4	4.6	(1.2)
Recharges	(0.2)	(0.2)	(0.3)	0.1
Total Budget - Force	126.1	126.1	123.5	2.6
Total Budget - Police and Crime Commissioner and Chief Constable	128.4	128.4	125.8	2.6
Contribution to/(from) Reserves - Chief Constable	(1.0)	(1.0)	1.6	(2.6)
Net Spending After Transfer from Revenue to Reserves	127.4	127.4	127.4	0.0
Holding Accounts and self-balancing accounts				
Driver Retraining Programme	0.0	0.0	(0.5)	0.5
Transfer to/(from) Reserves - Driver Retraining	0.0	0.0	0.5	(0.5)
Go Safe Partnership	0.0	0.0	0.5	(0.5)
Transfer to/(from) Reserves – Go Safe	0.0	0.0	(0.5)	0.5
Direct Revenue Financing - Capital	0.0	0.0	1.0	(1.0)
Transfer to/(from) Reserves - Capital	0.0	0.0	(1.0)	1.0
Total Holding Accounts	0.0	0.0	0.0	0.0

Against the revised budget, net expenditure actually incurred to the end of March was £125.8m representing a £2.6m underspend compared to the original budget. It is important to note that both

the Commissioner and Chief Constable took early action to contain expenditure in a number of areas in light of the significant challenges within the financial landscape and initiation of the Force Review to meet the £6.4 million savings target required in 2023/4.

It can be seen from the above that officer pay budgets account for around £1.3m of the variance and this is predominantly accounted for by variances in the recruitment profile for recruits and transferees during the year, as well as National Insurance rate reductions announced in the Emergency Budget in November and reduced pension contribution costs. A further £0.6m is attributable to police staff salary costs. Although pay awards were higher than budgeted, National Insurance savings and vacancies held as part of the Force Review more than compensated for the additional pay award costs.

Overtime and bank holiday costs for staff and officers were over budget by £0.7m. This included overtime for mutual aid, including the Queen's funeral, with off-setting income received which in total was £0.4m higher than budgeted.

The Force has saved £0.3m against pension headings including ill-health budgets in year with the redeployment of officers to non-confrontational roles contributing to this. Training and recruitment costs are under budget by £0.4m with around £0.1m of this being committed at year end for training courses to be delivered in 2023/4. In relation to premises costs, the Force is £0.1m under budget and this is accounted for by a disputed historic utility invoice being settled for less than was accrued following intervention from the Force's Legal Department.

Other Non-pay costs are some £0.6m lower than budgeted with ICT costs for the new Telephony/Customer Management System in the Control Room being mainly attributable for this. The Force has made an additional Direct Revenue Financing contribution in-year from this underspend towards capitalised Digital Communications and Cybercrime Unit (DCCU) server costs.

A further £0.5m was saved against central, legal, uniform and procurement costs budgets. The Force overspent against fuel, subsistence (linked to mutual aid) and officer expenditure by £0.4m in year with higher prices contributing to this. The Force also had around £0.3m in goods and equipment ordered at year end that had not been delivered.

Cost pressure was experienced in relation to Forensics (£0.1m) and Collaboration spending (£0.6m) in-year with higher than budgeted uplift, pay awards and NPCC (National Police Chiefs' Council) collaborative contributions being significant factors.

Additional Grants totalling £0.8m against budgets were due in-year with an additional pay award linked Home Office grant of £0.5m and uplift overshoot grant of 0.2m being the largest two items against this heading.

An additional £1m in income was also received, made up of Mutual Aid (£0.4m), custody premises charges (£0.1m), estates Income (£0.2m) and interest receipts (£0.2m) accounting for the most significant positive variances.

In relation to Capital Financing, spending was £1.2m over budget with additional equipment being purchased from revenue budgets accounting for £0.3m of this. An additional Direct Revenue Charge of £0.9m has been processed at year end from savings in ICT non-pay revenue and other budgets as a contribution towards the DCCU Server costs. This offsets the need to utilise capital reserves at year end.

The Force is evaluating numerous other potentially unfunded capital and revenue technology investments in the Control Room, Firearms Licensing, Robotic Process Automation (RPA) and

DCCU which could, if funded, and subject to business case, contribute to additional future capacity and savings.

The budget included a contribution from reserves of £1.0m to meet one-off expenditure for additional bank holidays, training and to support transformational projects. The budget position and variances as outlined above have negated the need for a transfer from reserves in the year and in fact, a net transfer to reserves of £0.7m was actioned to meet budget pressures anticipated in 2023/24.

In total, and taking account of these items, the Force was some £2.6m below budget for the year with just under half of this being foreseen and planned for at 2023/4 budget setting time.

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. The move to on-line delivery of Driver Retraining activities also allowed for a contribution to reserves of £0.5m for use by the Commissioner in support of road and community safety initiatives.

Both the Commissioner and Chief Constable exercised considerable financial restraint and prudence over the year despite continued operational demands, and a number of fortuitous events made the accurate assessment of the final outturn challenging. The year-end position is very positive and puts Dyfed-Powys Police in a stronger position to deal with future financial challenges.

When setting the 2023/24 budget in January 2023, an underspend of around £894k was already anticipated and this sum was budgeted to offset against the 2023/24 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 20 June 2023. In this meeting, the Commissioner approved several reserve movements including:

- An increase in General reserves of £0.8m which would mitigate potential future financial risks and ensure improved financial resilience;
- Creation of an Energy Costs Reserve of £0.4m to mitigate the high inflationary increases in 2023/24, which was assumed when setting the budget for 2023/24;
- Creation of a Departmental Budget Reserve of £0.3m to meet expenditure for goods which were not received before year end due to supply chain and market delays;
- The creation of a specific reserve of £0.1m to mitigate anticipated costs arising from the regionalisation project for Sexual Assault Referral Centres;
- Creation of a Pay Inflation Reserve of £0.5m to mitigate against levels of pay inflation being higher than those anticipated;
- Creation of a reserve of £0.2m to mitigate against the uncertainties of financial deficits within the Go-Safe Partnership; and
- An increase of £0.4m in the Transformational Projects Reserve to provide additional pump priming to support organisational projects and change.

The final reserves position for the Commissioner shows a figure of £19.6m held as at 31 March 2023 compared to £18.9m at the beginning of the year. This incorporates a sum of £7.0m to support

future capital budget commitments and a general reserve of £4.9m. This also includes a balance of £1.1m 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 £27.6m in February 2022 for the financial year 2022/23 which was reduced to £22.7m in January 2023 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 £20.2m 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 2022/23	Revised Budget 2022/23	Actual Spending 2022/23	Variance
	£m	£m	£m	£m
Capitalised Expenditure				
Estates Programme	19.3	15.6	14.6	1.0
Vehicles	2.0	1.7	1.2	0.5
ICT Major Projects	2.4	2.7	1.6	1.1
Recurring ICT Device Replacements	2.9	1.8	2.0	(0.2)
Other Capital Equipment Replacements	1.0	0.8	0.7	0.1
Sub Total Capitalised Expenditure	27.6	22.6	20.1	2.5
Self/ Own Revenue Financing Projects	-	0.1	0.1	-
Total Expenditure	27.6	22.7	20.2	2.5
Financing				
Capital Grant	-	0.2	0.2	-
Direct Revenue Financing	2.9	3.0	4.3	(1.3)
Capital Receipts - Buildings	0.1	0.0	0.2	(0.2)
Capital Receipts - Vehicles	-	0.1	0.1	-
Capital Reserve Utilised	5.2	3.6	1.0	2.6
Sustainability Fund	0.2	0.1	-	0.1
Prudential Borrowing	19.2	15.6	14.3	1.3
Sub Total Financing	27.6	22.6	20.1	2.5
Self/ Own Revenue Financing Projects	-	0.1	0.1	0.0
Total Financing	27.6	22.7	20.2	2.5

The Carmarthenshire Station and Custody Facility Scheme in Llanelli is progressing well with completion expected by June 2023. There has been some unavoidable slippage experienced

against several projects including the collaborative Joint Firearms Range and minor works schemes for which funding will need to be carried over into the next financial year.

There was some slippage against vehicle purchases, attributable to longer lead times, and delays associated with delivery. The Force is replacing infrastructure, including within its Control Room, and slippage was experienced against this budget heading. There was also slippage in relation to the Digital Forensics Unit and several minor ICT projects and equipment replacements, linked to market supply.

In terms of capital financing, the slippage in spending has meant that the Commissioner has not needed to borrow as much as anticipated, with £14.3m of prudential borrowing at year end being applied against Estates projects. The favourable year end revenue position allowed for an additional Direct Revenue Financing charge which allowed for less utilisation of Capital Reserves than planned. The Commissioner approved for slippage to be carry forward to support the capital schemes in 2023/24 and beyond.

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 2022/23 included:

- Custody CCTV – possible failure of CCTV in custody suites due to the systems requiring an upgrade;
- Custody Affray Alarms – there is sometimes a delay in custody alarms notifying the Force Communication Centre;
- Digital Forensic Unit (DFU) Server Capacity Failure – there is a requirement to replace the server due to the risk of failure;
- Toxicology – a risk that national toxicology provision will be challenged caused by an on-going review into the Randox toxicology provision;
- Police Funding Formula – risk that the national grant funding could be reduced caused by the Government's intention to review the funding formula;
- BMW N7 Engine Failure – a risk that BMWs fitted with a specific engine could fail and be grounded;
- Coroners Officers – a risk that reputational damage will be caused by not recognising the resilience that is required for this role;
- Healthcare professional (HCP) Custody – failure to meet legislation that sets out the 'rules' of police custody;
- Property/Exhibit Management – a risk of damage or loss to Property/Exhibit detained as part of a criminal case;
- Go Safe – a risk that shortfalls in income and the current cost model could result in repeated budget shortfalls;
- Joint Firearms Range – risk of the escalating costs to build the new facility; and
- Crime Recording and the Application of Outcomes – a risk due to changes in organisations structures, operating models, and national changes.

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 increases in the demand for policing services against an increasingly challenging financial and economic landscape.

Recent years have been unprecedented for a variety of reasons, but 2022/23 unfortunately continued in this vein with a weakening economy, higher interest rates and soaring inflation. The impacts of the cost-of-living crisis are far reaching and are also set against the backdrop of the War in Ukraine, post-Brexit, the Covid-19 Pandemic, and political turmoil, which have all contributed to a volatile economic landscape.

Having recognised the extent of the future financial challenges, the Chief Constable initiated a Force Review in June 2022 to assess all areas of activity, seeking efficiencies, cost reductions, savings, and transformational opportunities.

Importantly, both the Commissioner and Chief Constable took a range of early steps to proactively contain expenditure within 2022/23 to allow for some flexibility in mitigating financial burdens and assist in meeting one-off cost pressures.

The final 2023/24 settlement announced additional national funding of up to £523m for policing, with £349m of this coming from flexibility to raise council tax precepts. The resultant grant settlement for Dyfed-Powys Police was £1.2m/1.9% higher than 2022/23 and included the following:

- Core grant increase of £0.2m/0.3%;
- 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;
- Specific grant of £1.9m, being £1.0m/103.7% higher than 2022/23 to support the officers under the Police Uplift Programme with clear expectations that overall police officer numbers will be maintained at the agreed allocations and that these additional officers are utilised to reduce crime and honour this Government's commitment to keep the public safe.

Despite the funding settlement, it was evident that this would not cater for the significant pay and price inflation, unforeseen burdens and costs of increasing service demands which required budget growth of 8.6%.

To reduce the burden of this on the local taxpayer, the MTFP reflects a challenging and ambitious savings and cost reduction plan for 2023/24 and beyond. The plan is underpinned by detailed assumptions but as work and consultations progress, a number of these will take time to crystallise to gain absolute financial clarity. The consequential impacts, implications and inherent operational and organisational risks will require close oversight. It is recognised that efficiencies are proving harder to achieve and the constraints of the Uplift Programme are likely to inhibit the optimal resource mix for the Force.

It is recognised that this will need to be an area of focus to enable the Commissioner and Chief Constable 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. The MTFP also includes a trajectory of increases in contribution to capital financing and borrowing costs to support the Capital Programme along with additional spending on a number of national, regional, and local priorities.

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 2023/24 and Medium-Term Financial Plan to 2027/28 to the Dyfed-Powys Police and Crime Panel on 27 January 2023. The Commissioner's proposal was unanimously supported by the Police and Crime Panel, which raised the average band D property precept by £22.49 to £312.65, a 7.75% increase raising a total precept of £72.5m. This will provide a total of central and local funding of £133.4m, and once again, sees Dyfed-Powys Police with the lowest council tax precept in Wales.

The Commissioner set a capital programme for 2022/23 to 2027/28 of £100.2m 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 £66.1m. 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 Commissioner considers and publishes an Annual Reserves Strategy which underpins the MTFP and its assessment of strategic, operational and financial risk exposure and mitigation measures.

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. The Government's recommended the Funding Formula Review in May 2021. The work has been ongoing but there is no clarity around timelines, and the outcome of this remains a risk.

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.

The MTFP for 2023/24 can be found:

<https://www.dyfedpowys-pcc.org.uk/media/11628/2324-mtftp-and-precept-report-for-panel-final-1.docx>

7 Basis of Preparation and Presentation

These are the eleventh 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 2022/23;
- **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 accruals 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. They set out the Accounting Policies used as the basis of preparing the financial statements as required by the Code of Practice;
- **Glossary of terms** - these provide additional narrative to explain terms used within the statement with an aim of improving the readers' understanding 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 2022/23. 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 financial affairs and to secure that one of his officers has the responsibility for the administration of those affairs. That officer is the Chief Financial Officer;
- manage 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 2022/23.



Police and Crime Commissioner for Dyfed-Powys

Date: 14 March 2024

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 2023.



Chief Financial Officer

Date: 14 March 2024

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 2023 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 international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

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 2023 and of their income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

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.

My staff and I are independent 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 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's, 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.

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 2022-23; 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 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 the 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 Annual Governance Statement.

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

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

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 23, the responsible financial officer is responsible for:

- the preparation of the statement of accounts which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls 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; and
- assessing the Police and Crime Commissioner for Dyfed Powys', the Police and Crime Commissioner for Dyfed Powys Group's, 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 the responsible financial officer anticipates that the services provided by the Police and Crime Commissioner for Dyfed Powys, the Police and Crime Commissioner for Dyfed Powys Group, and the Dyfed Powys Police Pension Fund will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

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 posting of unusual journals.
- obtaining an understanding of the Police and Crime Commissioner for Dyfed Powys', the Police and Crime Commissioner for Dyfed Powys Group's, 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.
- obtaining an understanding of related party relationships.

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; and
- 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 the audit team 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's, 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.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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
15 March 2024

1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

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 2022/23	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	73,366	119	73,485
Police Officer Overtime	3,536	0	3,536
Police Officer Pensions	1,550	21,237	22,787
Police Staff Pay	37,821	67	37,888
Police Staff Overtime	237	0	237
Police Staff Pensions	0	7,122	7,122
Other Employee Related Costs	1,786	15	1,801
Premises Costs	4,640	(440)	4,200
Transport Costs	2,429	40	2,469
Supplies & Services	12,022	(51)	11,971
Agency & Contracted Services	7,435	(245)	7,190
Capital Financing Costs	5,483	(1,015)	4,468
Grants	(12,726)	(477)	(13,203)
Other Income	(10,833)	1,039	(9,794)
Exceptional Items – Revaluation of Non-Current Assets	0	1,055	1,055
Net Cost of Services	126,746	28,466	155,212
Other Income and Expenditure	(127,445)	29,439	(98,006)
Surplus/(Deficit) (Before Reserve Transfers)	(699)	57,905	57,206
Transfers to Earmarked Reserves	(131)		
Surplus or Deficit for the Year	(830)		
Opening General Fund Balance as at 1 April 2022	(4,032)		
Less Deficit on General Fund Balance in Year	(830)		
Closing General Fund Balance as at 31 March 2023	(4,862)		

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)		

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 2022/23	Note	Gross Expend. £'000	Gross Income £'000	Net Expend. £'000
73,485	0	73,485	Police Officer Pay		0	0	0
3,536	0	3,536	Police Officer Overtime		0	0	0
22,787	0	22,787	Police Officer Pensions		0	0	0
37,888	0	37,888	Police Staff Pay		879	0	879
237	0	237	Police Staff Overtime		0	0	0
7,122	0	7,122	Police Staff Pensions		156	0	156
1,801	0	1,801	Other Employee Related Costs		13	0	13
4,200	0	4,200	Premises Costs		0	0	0
2,469	0	2,469	Transport Costs		4	0	4
11,971	0	11,971	Supplies & Services		110	0	110
7,190	0	7,190	Agency & Contracted Services		2,279	0	2,279
4,468	0	4,468	Capital Financing Costs		512	0	512
0	(13,203)	(13,203)	Grants	31	0	(13,203)	(13,203)
0	(9,794)	(9,794)	Other Income		0	(9,794)	(9,794)
			Exceptional items:				
1,055	0	1,055	Revaluation of non-current assets	6	1,055	0	1,055
178,209	(22,997)	155,212	Total Cost of Services		5,008	(22,997)	(17,989)
225	(16,701)	(16,476)	Other Operating Income & Expenditure	11	225	(16,701)	(16,476)
47,615	(1,442)	46,173	Financing & Investment Income & Expenditure	12	641	(1,442)	(801)
0	(127,703)	(127,703)	Taxation & Non-specific Grant Income	13	0	(127,703)	(127,703)
0	0	0	Commissioning Costs (Intra-group transfer)		220,175	0	220,175
226,049	(168,843)	57,206	Surplus/Deficit on Provision of Services		226,049	(168,843)	57,206
		(5,762)	(Surplus) or deficit on revaluation of fixed assets	6			(5,762)
		(686,370)	Actuarial (gains)/losses on pension asset/liabilities				(1,943)
		0	Commissioning Costs (Intra-group transfer)				(684,427)
		(634,926)	Total Comprehensive Income and Expenditure				(634,926)

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

Movement in Reserves Statement

Financial Year 2022/23

	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 2022		(4,032)	(14,821)	(18,853)	0	(107)	(18,960)	1,630,741	1,611,781
Movement in reserves during 2022/23									
(Surplus) or deficit on the provision of services	CIES	57,206	0	57,206	0	0	57,206	0	57,206
Other Comprehensive Income and Expenditure	CIES	0	0	0	0	0	0	(692,132)	(692,132)
Total Comprehensive Income and Expenditure		57,206	0	57,206	0	0	57,206	(692,132)	(634,926)
Adjustments between accounting basis and funding basis under Regulations	9	(57,905)	0	(57,905)	0	0	(57,905)	57,905	0
Net (Increase)/Decrease before Transfers to/from Earmarked Reserves		(699)	0	(699)	0	0	(699)	(634,227)	(634,926)
Net transfers (to)/from earmarked reserves	10	(131)	131	0	0	0	0	0	0
(Increase)/Decrease in 2022/23		(830)	131	(699)	0	0	(699)	(634,227)	(634,926)
Balance at 31 March 2023		(4,862)	(14,690)	(19,552)	0	(107)	(19,659)	996,514	976,855

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

Balance Sheet

Group 2021/22 £'000	Commissioner 2021/22 £'000		Note	Group 2022/23 £'000	Commissioner 2022/23 £'000
72,950	72,950	Property, plant & equipment	14	80,348	80,348
3,028	3,028	Investment property	15	3,200	3,200
70	70	Surplus assets	14	74	74
5,282	5,282	Assets under construction	14	18,205	18,205
81,330	81,330	Long term assets		101,827	101,827
12,014	12,014	Short term investments	17	0	0
608	0	Inventories		535	0
162	162	Assets held for sale	20	5	5
11,169	10,024	Short term debtors	18	11,937	10,132
9,743	9,743	Cash and cash equivalents	19	5,731	5,731
0	1,753	Intra-group transfer		0	2,340
33,696	33,696	Current assets		18,208	18,208
(279)	(279)	Short term borrowing	17	(303)	(303)
(21,590)	(5,758)	Short term creditors	21	(18,974)	(1,180)
(1,427)	(1,427)	Short term provisions	22	(1,588)	(1,588)
0	(15,832)	Intra-group transfer		0	(17,794)
(23,296)	(23,296)	Current liabilities		(20,865)	(20,865)
(982)	(982)	Long term borrowing	17	(684)	(684)
(1,700,861)	(1,700,861)	Other long-term liabilities	37	(1,073,421)	(1,073,421)
(1,668)	(1,668)	Long term provisions	22	(1,920)	(1,920)
(1,703,511)	(1,703,511)	Long term liabilities		(1,076,025)	(1,076,025)
(1,611,781)	(1,611,781)	Net (liabilities)/assets		(976,855)	(976,855)
(18,960)	(18,960)	Usable reserves	MIRS	(19,659)	(19,659)
1,630,741	1,630,741	Unusable reserves	23	996,514	996,514
1,611,781	1,611,781	Total reserves		976,855	976,855

Cash Flow Statement

Group 2021/22 (Restated) £'000	Commissioner 2021/22 £'000		Note	Group 2022/23 £'000	Commissioner 2022/23 £'000
51,553	51,553	Net (surplus) or deficit on the provision of services	CIES	57,206	57,206
(60,169)	(60,169)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	24	(61,397)	(61,397)
(1,388)	(1,388)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	24	6,317	6,317
(10,004)	(10,004)	Net cash flows from Operating Activities	24	2,126	2,126
6,852	6,852	Investing Activities	25	7,186	7,186
2,197	2,197	Financing Activities	26	(5,300)	(5,300)
(955)	(955)	Net (increase) or decrease in cash and cash equivalents	19	4,012	4,012
8,788	8,788	Cash and cash equivalents at the beginning of the reporting period	19	9,743	9,743
9,743	9,743	Cash and cash equivalents at the end of the reporting period	19	5,731	5,731

Police Pension Fund

Group 2021/22 £'000	Commissioner 2021/22 £'000	Fund Account	Group 2022/23 £'000	Commissioner 2022/23 £'000
		Contributions receivable		
(14,243)	0	Employer contributions	(15,058)	0
(336)	0	Other income (Employers ill health contributions)	(905)	0
(6,141)	0	Officers' contributions	(6,469)	0
(20,720)	0	Contributions receivable	(22,432)	0
(560)	0	Transfers in from other pension funds	(708)	0
		Benefits payable		
30,030	0	Pensions	31,547	0
7,707	0	Commutations and lump sum retirement benefits	7,523	0
37,737	0	Benefits Payable	39,070	0
		Payments to and on account of leavers		
22	0	Refunds of contributions	40	0
169	0	Scheme Pays tax payments	480	0
191	0	Payments to and on account of leavers	520	0
16,648	0	Net amount payable for the year	16,450	0
(16,648)	(16,648)	Additional contribution from the Police Fund (re Home Office Grant)	(16,450)	(16,450)
	16,648	Intra-group transfer		16,450
	0	Total		0

Group 2021/22 £'000	Commissioner 2021/22 £'000	Net Assets Statement	Group 2022/23 £'000	Commissioner 2022/23 £'000
		Current Assets		
544	0	Debtor – net balances owed from the Police fund	1,215	0
544	0	Current Assets	1,215	0
		Current Liabilities		
(544)	0	Creditors – benefits payable to retiring officers end of March paid April	(1,215)	0
(544)	0	Current Liabilities	(1,215)	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 2023. 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 2022/23 financial year and the position at the year-end of 31 March 2023. 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 2022/23, 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 four years and 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 straight-line 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 2022/23 includes:

ANNUAL MINIMUM REVENUE PROVISION (MRP) STATEMENT

The following policy has been set by the Commissioner in relation to MRP for 2022/23.

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 having 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

Costs are charged to the Comprehensive Income and Expenditure Statement over the life of the lease.

Value Added Tax (VAT)

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

2. Previous period adjustments

Cash Flow Statement

In 2021/22, the Police and Crime Commissioner was designated as the national lead on two Agency Arrangements - Photo at the Roadside (PARS) and Law Enforcement Database (LEDS). At 31 March 2023, the Police and Crime Commissioner held undistributed funds in respect of these two arrangements. Further information in respect of this can be found in Note 27 – Agency Services.

The Cash Flow Statement and two of the associated notes have been restated for 2021/22 to reflect the year-on-year movement in the respective creditor balances for these arrangements.

The table below shows the effect of the restatements on the Cash Flow Statement and associated notes:

	31 March 2022 (published) £'000	31 March 2022 (restated) £'000	Correction £'000
Cash Flow Statement			
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	2,883	(1,388)	(4,271)
Financing Activities	(2,074)	2,197	4,271
			0
Note 24 – Cash Flow Statement – operating activities			
Other payments for financing activities – Agency arrangements	2,324	(1,947)	(4,271)
Note 26 – Cash Flow Statement - financing activities			
Other payments for financing activities	(2,324)	1,947	4,271
			0

These changes have no impact on other primary statements within the Statement of Accounts.

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 standards introduced by the 2023/24 Code where disclosures are required in the 2022/23 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 year);
- Where an authority adopted IFRS 16 in 2022/23 but chose to defer implementation of IFRS 16 to PFI/PPP arrangements until 2023/24, information on that more specific accounting change will be required in its 2022/23 statements of accounts;
- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

issued in February 2021;

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021;
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

It is anticipated that the above changes will have no impact on the current Financial Statements. When compiling the Financial Statements for 2023/24, 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 cost pressures associated with maintaining police officer numbers, in line with Home Office requirements, until at least 2026. The Home Office continue their work on the Police Funding Formula review which is used to allocate resources amongst policing bodies in England and Wales, timescales remain unclear, and this continues to be a risk. In addition, the Police Officer Pension Scheme is being revalued to include the impact of the McCloud / Sargeant remedy as well as demographic or other changes. It is expected that a change in contribution rate will be applied from 2024/25, although additional grant funding is anticipated. These matters will take some time to crystallise both in terms of local impact and also within the wider economic landscape and are reviewed and monitored as part of ongoing work on the Medium-Term Financial Plan. 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 2023 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 effects on the liability of changes in individual assumptions can be measured. For instance, an increase of 0.25% in pay award for the police officer pension scheme would result in an increase to the police pension fund liability from £1,073m to £1,085m.

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

Up to 2021/22 the Commissioner carried out a rolling programme that ensured 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 and 2022/23. From 2023/24 onwards the valuation will be based on a 4-year rolling programme.

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

2021/22 £'000	Comprehensive Income & Expenditure Statement	2022/23 £'000
5,377	Cost of Services	1,055
1,252	Financing and Investment Income and Expenditure	(170)
(4,322)	Other Comprehensive Income and Expenditure	(5,762)
	Balance Sheet	
(1,087)	Property, plant & equipment	4,701
(1,252)	Investment property	170
43	Surplus assets	5
(10)	Assets held for sale	0
6,628	Capital Adjustment Account	886
(4,322)	Revaluation Reserve	(5,762)

7. Events after the Reporting Period

The Draft Statement of Accounts was authorised for issue by the Chief Financial Officer on 14 March 2024.

There are no events after the reporting period to report.

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.

2022/23

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	119	119
Police Officer Pensions	0	21,237	0	21,237
Police Staff Pay	0	0	67	67
Police Staff Pensions	0	7,122	0	7,122
Other Employee Related Costs	0	0	15	15
Premises Costs	0	0	(440)	(440)
Transport Costs	0	0	40	40
Supplies & Services	0	0	(51)	(51)
Agency & Contracted Services	0	0	(245)	(245)
Capital Financing Costs	(1,015)	0	0	(1,015)
Grants	0	0	(477)	(477)
Other Income	0	0	1,039	1,039
Exceptional Items – Revaluation of Non-Current Assets	1,055	0	0	1,055
Net Cost of Services	40	28,359	67	28,466
Other Income and Expenditure	(455)	30,571	(677)	29,439
Surplus / (Deficit) for the Year	(415)	58,930	(610)	57,905

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 Pensions	0	19,057	0	19,057
Police Staff Pay	0	0	(117)	(117)
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

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
2022/23	£'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	(4,468)	0	0	4,468
Movement in the Fair Value of Investment Properties	170	0	0	(170)
Revaluation losses on property, plant and equipment	(1,192)	0	0	1,192
Revaluation gains on property, plant and equipment	136			(136)
Capital grants and contributions applied	258	0	0	(258)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(224)	0	0	224
Insertion of items not debited or credited to the CIES				
Statutory provision for the financing of capital investment	169	0	0	(169)
Capital expenditure charged against the General Fund	5,313	0	0	(5,313)
Adjustments primarily involving the Capital Receipts Reserve				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	252	0	0	(252)
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the CIES	16,450	0	0	(16,450)
Employer's pensions contributions and direct payments to pensioners payable in the year	(75,380)	0	0	75,380
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	367	0	0	(367)
Other Adjustments				
Adjustments in respect of fair share of Collaborative Arrangements	244	0	0	(244)
Total adjustments	(57,905)	0	0	57,905

	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

10. Transfers to/from Earmarked Reserves

This note shows the amounts set aside from the Police Fund in earmarked reserves to provide financing for future expenditure plans. The note also shows the amounts posted back from earmarked reserves to meet Police Fund expenditure in 2022/23.

Reserve	As at 31 March 2021 £'000	Re-classifications £'000	Transfers in 21/22 £'000	Transfers out 21/22 £'000	As at 31 March 2022 £'000	Transfers in 22/23 £'000	Transfers out 22/23 £'000	As at 31 March 2023 £'000
<u>Force Reserves:</u>								
Energy Costs Reserve	0	0	0	0	0	(424)	0	(424)
Departmental Budget Reserve	0	0	0	0	0	(262)	0	(262)
Sexual Assault Referral Centre (SARC) Reserve	0	0	0	0	0	(107)	0	(107)
Pay Inflation Reserve	0	0	0	0	0	(508)	0	(508)
Go Safe Force Contingency Reserve	0	0	0	0	0	(249)	0	(249)
Insurance & Litigation	(450)	0	0	0	(450)	0	323	(127)
Budget Adjustment Reserve	0	0	(75)	0	(75)	0	75	0
Police Education Qualifications Framework (PEQF) Reserve	0	0	(120)	0	(120)	0	37	(83)
Bank Holiday Reserve	0	0	(511)	0	(511)	(90)	311	(290)
Chief Constable Operational Fund	(499)	0	0	0	(499)	(46)	0	(545)
Covid-19 Pandemic Reserve / Training backlog	(411)	411	(400)	0	(400)	0	226	(174)
Transformational Projects	(572)	(92)	(404)	0	(1,068)	(414)	0	(1,482)

	As at 31 March 2021	Re- classifications	Transfers in 21/22	Transfers out 21/22	As at 31 March 2022	Transfers in 22/23	Transfers out 22/23	As at 31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Goleudy/Victim Services	(92)	92	0	0	0	0	0	0
Sustainability Fund	(494)	0	0	0	(494)	0	0	(494)
<u>Commissioner's Reserves:</u>								
Proceeds of Crime Act	(136)	0	(85)	76	(145)	(66)	86	(125)
Commissioner's Fund	(428)	0	(104)	58	(474)	0	101	(373)
Forfeiture Reserve	(37)	0	(4)	7	(34)	(37)	0	(71)
Sale of Found Property	(34)	0	(3)	14	(23)	(6)	3	(26)
Driver Retraining Scheme	(536)	0	(301)	44	(793)	(458)	165	(1,086)
Drug Intervention	(95)	0	0	17	(78)	0	34	(44)
Total Specific Earmarked Revenue Reserves	(3,784)	411	(2,007)	216	(5,164)	(2,667)	1,361	(6,470)
Other Earmarked Capital Reserves	(7,414)	(411)	(213)	0	(8,038)	(900)	1,874	(7,064)
Total Earmarked Capital Reserves	(7,414)	(411)	(213)	0	(8,038)	(900)	1,874	(7,064)
Regional Collaboration Reserve	(262)	0	(45)	0	(307)	0	0	(307)

	As at 31 March 2021	Re- classifications	Transfers in 21/22	Transfers out 21/22	As at 31 March 2022	Transfers in 22/23	Transfers out 22/23	As at 31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
'Go Safe' Road Safety Partnership Reserve	(1,398)	0	0	86	(1,312)	0	463	(849)
Total Ring-Fenced Revenue & Capital Reserves	(1,660)	0	(45)	86	(1,619)	0	463	(1,156)
Total Usable Reserves	(12,858)	0	(2,265)	302	(14,821)	(3,567)	3,698	(14,690)

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.

Energy Costs Reserve

This is a new reserve which has been created to mitigate the high inflationary increases in energy costs in 2023/24.

Departmental Budget Reserve

A new reserve to meet expenditure for goods which were not received before year end due to supply chain and market delays.

Sexual Assault Referral Centre (SARC) Reserve

A new reserve has been created to mitigate anticipated costs arising from the regionalisation project for Sexual Assault Referral Centres.

Pay Inflation Reserve

This reserve has been created to mitigate against levels of future pay inflation being higher than those anticipated.

'Go Safe' Force Contingency Reserve

This contingency reserve has been established to mitigate against uncertainties and financial deficits within the Go Safe Partnership.

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 previously 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 reserve was released during the year with the issue being addressed on a recurring basis as part of the 2023/24 budget setting process.

Police Education Qualifications Framework (PEQF) Reserve

The PEQF Reserve is held to mitigate increases in officer uplift training costs and will be released accordingly.

Bank Holiday Reserve

The creation of a Bank Holiday Reserve seeks to mitigate the costs of the pattern of bank holidays over two years and will be released accordingly.

Covid-19 Pandemic Reserve /Training backlog

This reserve was established to assist in partially mitigating the financial implications arising from the Covid-19 pandemic linked particularly to training backlogs. A reserve of £174K has been retained for training purposes to avoid a potential overspend on the Costed Training Plan.

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 2021/22 £'000	Commissioner 2021/22 £'000		Group 2022/23 £'000	Commissioner 2022/23 £'000
146	146	Loss on the disposal of non-current assets	225	225
(37)	(37)	Gain on the disposal of non-current assets	(251)	(251)
(16,648)	(16,648)	Home Office Police Officers Pensions top-up grant	(16,450)	(16,450)
(16,539)	(16,539)	Total	(16,476)	(16,476)

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 2021/22 £'000	Commissioner 2021/22 £'000		Note	Group 2022/23 £'000	Commissioner 2022/23 £'000
133	133	Interest payable and similar charges	17	111	111
36,447	72	Net interest on the net defined benefit liability	37	47,020	46
1,447	1,447	Deficit on revaluation of investment properties	15	59	59
(195)	(195)	(Surplus) on revaluation of investment properties	15	(229)	(229)
(62)	(62)	Interest receivable and similar income	17	(297)	(297)
(904)	(904)	Income in relation to investment properties and changes in their fair value		(916)	(916)
382	382	Expenditure in relation to investment properties and changes in their fair value		425	425
37,248	(873)	Total		46,173	(801)

13. Taxation and non-specific grant incomes

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

Group 2021/22 £'000	Commissioner 2021/22 £'000		Note	Group 2022/23 £'000	Commissioner 2022/23 £'000
(62,306)	(62,306)	Precept income		(66,761)	(66,761)
(9,213)	(9,213)	National Non-Domestic Rates (NNDR)		(190)	(190)
(48,315)	(48,315)	Non-ring-fenced government grants	31	(60,494)	(60,494)
(1,334)	(1,334)	Capital grants and contributions	31	(258)	(258)
(121,168)	(121,168)	Total		(127,703)	(127,703)

14. Property, plant and equipment

	Land	Buildings	Boat	Vehicles	Equipment	Total Property, Plant & Equipment	Surplus Assets	Assets Under Construction
2022/23	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2022	6,800	56,134	700	7,921	14,003	85,558	70	5,282
Additions	0	1,719	170	1,269	4,074	7,232	0	12,923
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	5,757	0	0	0	5,757	5	0
Revaluation increases/(decreases) recognised in surplus/deficit on the Provision of Services	(5)	(1,051)	0	0	0	(1,056)	0	0
Derecognition – disposals	0	0	0	(1,028)	(20)	(1,048)	0	0
Assets reclassified	0	0	0	(500)	0	(500)	0	0
Write off of Accumulated Depreciation on Revaluation	0	(1,225)	0	0	0	(1,225)	(1)	0
At 31 March 2023	6,795	61,334	870	7,662	18,057	94,718	74	18,205
Accumulated depreciation and impairment at 1 April 2022	0	0	(137)	(4,973)	(7,498)	(12,608)	0	0
Depreciation charge	0	(1,225)	(24)	(1,111)	(2,108)	(4,468)	(1)	0
Derecognition disposals	0	0	0	968	18	986	0	0
Assets reclassified	0	0	0	495	0	495	0	0
Write off of Accumulated Depreciation on Revaluation	0	1,225	0	0	0	1,225	1	0
Accumulated depreciation and impairment at 31 March 2023	0	0	(161)	(4,621)	(9,588)	(14,370)	0	0
Net book value at 31 March 2023	6,795	61,334	709	3,041	8,469	80,348	74	18,205
Net book value at 31 March 2022	6,800	56,134	563	2,948	6,505	72,950	70	5,282

	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
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 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

Revaluations

Up to 2021/22 the Commissioner carried out a rolling programme that ensured all Property, Plant and Equipment required to be measured at fair value is re-valued at least every five years. A full revaluation of all land and buildings was undertaken in 2021/22 and 2022/23 carried out by external valuers, Wilks Head and Eve LLP. From 2023/24 onwards the valuation will be based on a 4-year rolling programme.

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	7,663	18,031	869	30,523
Valued at fair value at						
31/03/23	2,835	61,334	0	0	0	64,169
31/03/22	0	0	0	0	0	0
31/03/21	0	0	0	0	0	0
31/03/20	0	0	0	0	0	0
31/03/19 and prior	0	0	0	27	0	27
Total cost or valuation	6,795	61,334	7,663	18,058	869	94,719

15. Investment properties

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

2021/22 £'000		2022/23 £'000
4,237	Balance at start of year	3,028
43	Additions in the year	2
(1,252)	Net gains/(losses) from fair value adjustments	170
3,028	Balance at end of year	3,200

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 2023 and 31 March 2022 are as follows:

	Quoted prices in active markets for identical assets (level 1)	Other significant observable inputs (level 2)	Significant unobservable inputs (level 3)	Fair value as at 31 March 2023
31 March 2023	£'000	£'000	£'000	£'000
Radio Mast Sites	0	1,826	0	1,826
Office Units	0	1,374	0	1,374

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

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:

2021/22		2022/23
£'000	Capital Commitments	£'000
13,641	Land and Buildings	1,338
1,739	Equipment	4,057
1,188	Vehicles	879
16,568	Total	6,274

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

Most of the contractual commitment for Equipment covers ICT projects, including Contact Management System (CMS) (£1m), Body Worn Video (£1m), Record Management System (RMS) (£0.7m) and Digital Interviewing (£0.8m).

The contractual commitment of £13.6m for Land and Building in 2021/22 included £12.5m for the new custody and station facility in Llanelli, which has been completed in 2022/23.

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 2022 and 31 March 2023:

Group

	Long Term		Current	
	31 March 2022	31 March 2023	31 March 2022	31 March 2023
	£'000	£'000	£'000	£'000
Borrowing (PWLB)	(982)	(684)	(279)	(303)
Creditors	0	0	(21,590)	(18,974)
Total Financial Liabilities	(982)	(684)	(21,869)	(19,277)
Loans and receivables				
Investments	0	0	12,014	0
Debtors	0	0	11,169	11,937
Total Financial Assets	0	0	23,183	11,937

Commissioner

	Long Term		Current	
	31 March 2022	31 March 2023	31 March 2022	31 March 2023
	£'000	£'000	£'000	£'000
Borrowing (PWLB)	(982)	(684)	(279)	(303)
Creditors	0	0	(5,758)	(1,180)
Total Financial Liabilities	(982)	(684)	(6,037)	(1,483)
Loans and receivables				
Investments	0	0	12,014	0
Debtors	0	0	10,024	10,132
Total Financial Assets	0	0	22,038	10,132

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:

2021/22 £'000		Financial Liabilities - Measured at amortised cost £'000	Financial Assets - Loans and receivables £'000	2022/23 £'000
(133)	Interest expense	(111)	0	(111)
62	Interest income	0	297	297
(71)	Net gain/(loss) for the year	(111)	297	186

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 2023, 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:
 - 1) 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;
 - 2) 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;
 - 3) 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		2022/23	Fair value Level	Commissioner	
Carrying amount 31 March 2023 £'000	Fair value 31 March 2023 £'000			Carrying amount 31 March 2023 £'000	Fair value 31 March 2023 £'000
		Financial Liabilities			
(684)	(760)	Long Term Borrowing	2	(684)	(760)
		Liabilities for which fair value is not disclosed			
(303)	(303)	Short Term Borrowing		(303)	(303)
(18,844)	(18,844)	Creditors		(1,050)	(1,050)
(19,831)	(19,907)	Total Financial Liabilities		(2,037)	(2,113)
		Assets for which fair value is not disclosed			
11,807	11,807	Debtors		10,002	10,002
11,807	11,807	Total Financial Assets		10,002	10,002

Group		2021/22	Fair value Level	Commissioner	
Carrying amount 31 March 2022 £'000	Fair value 31 March 2022 £'000			Carrying amount 31 March 2022 £'000	Fair value 31 March 2022 £'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			
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

18. Short-Term Debtors

Group 31 March 2022 £'000	Commissioner 31 March 2022 £'000		Group 31 March 2023 £'000	Commissioner 31 March 2023 £'000
1,845	1,845	Trade receivables	1,625	1,625
8,299	8,179	Other receivables	8,881	8,507
1,025	0	Prepayments	1,431	0
11,169	10,024	Total	11,937	10,132

19. Cash and Cash Equivalents

	31 March 2022 £'000	31 March 2023 £'000	Increase or (decrease) in Cash and Cash Equivalents
Cash held	20	20	0
Bank current accounts	2,721	1,694	(1,027)
Short term deposits	7,002	4,017	(2,985)
Total	9,743	5,731	(4,012)

20. Assets held for sale

	31 March 2022 £'000	31 March 2023 £'000
Balance outstanding at start of year	15	162
Assets newly classified as held for sale		
Property, plant and equipment	3	0
Assets reclassified	169	5
Revaluation (losses)/gains	(10)	0
Assets sold	(15)	(162)
Balance outstanding at year end	162	5

21. Short-Term Creditors

Group 31 March 2022 £'000	Commissioner 31 March 2022 £'000		Group 31 March 2023 £'000	Commissioner 31 March 2023 £'000
(4,462)	(1,242)	Trade payables	(5,930)	(478)
(17,128)	(4,516)	Other payables	(13,044)	(702)
(21,590)	(5,758)	Total	(18,974)	(1,180)

22. Provisions

Short Term Provisions

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

	Statutory Funds	Injury Awards and Ill Health Retirements	Other Provisions	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2022	(636)	(617)	(174)	(1,427)
Additional provisions made in 2022/23	(746)	(401)	(35)	(1,182)
Amounts used in 2022/23	230	535	16	781
Unused amounts reversed	0	82	108	190
Reclassification	0	0	50	50
Balance at 31 March 2023	(1,152)	(401)	(35)	(1,588)

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 a claim for an implied contract.

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 2022	(1,211)	(457)	(1,668)
Additional provisions made in 2022/23	(952)	0	(952)
Amounts used in 2022/23	409	0	409
Unused amounts reversed in 2022/23	291	0	291
Balance at 31 March 2023	(1,463)	(457)	(1,920)

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 £813k.

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.

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.

A reasonable estimate of the obligation that existed at the end of the reporting period has been provided for in the 2022/23 Statement of Accounts.

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 2022 £'000		At 31 March 2023 £'000
(22,531)	Revaluation Reserve	(27,826)
(51,135)	Capital Adjustment account	(52,016)
3,666	Accumulated Absences account	3,299
1,700,861	Pensions Reserve	1,073,421
(120)	Collaboration Fair Share Reserve	(364)
1,630,741	Total	996,514

Revaluation Reserve

This reserve represents the accumulated gains on the fixed assets held by the PCC/Group arising from increases in value, as a result of inflation and other factors, to the extent that these gains have not been consumed by subsequent downward movements in value.

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.

2021/22 £'000		2022/23 £'000
(18,671)	Balance at 1 April	(22,531)
(4,322)	(Upward)/downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on Provision of Services	(5,762)
(22,993)	(Surplus) or deficit on revaluation of non-current assets not posted to the surplus or deficit on the Provision of Services	(28,293)
462	Amounts written off to the Capital Adjustment Account	467
(22,531)	Balance at 31 March	(27,826)

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.

2021/22 £'000		2022/23 £'000
(58,571)	Balance at 1 April	(51,135)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
5,083	Charges for depreciation and impairment of non-current assets	4,468
6,987	Revaluation losses on property, plant and equipment	1,192
(1,194)	Revaluation gains on property, plant and equipment	(136)
144	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	224
	Adjusting amounts written out of the revaluation reserve:	
(462)	- Fair Value Depreciation	(467)
(417)	- Correction of prior year balances written out of Revaluation Reserve	0
(48,430)		(45,854)
	Capital financing applied in the year	
(37)	Use of Capital Receipts to finance new capital expenditure	(252)
(1,333)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(258)
(12)	Application of grants to capital financing from the Capital Grants Unapplied Account	0
(53)	Statutory provision for the financing of capital investment charged against the Police Fund	(169)
(2,522)	Capital expenditure charged against the General Fund	(5,313)
(3,957)		(5,992)
1,252	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(170)
(51,135)	Balance at 31 March	(52,016)

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.

2021/22 £'000		2022/23 £'000
3,494	Balance at 1 April	3,666
(3,494)	Settlement or cancellation of accrual made at the end of the preceding year	(3,666)
3,666	Amounts accrued at the end of the current year	3,299
3,666	Balance at 31 March	3,299

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.

2021/22 £'000		2022/23 £'000
1,676,022	Balance at 1 April	1,700,861
(20,605)	Actuarial (gains) or losses on pensions assets and liabilities	(686,370)
(16,648)	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	(16,450)
62,092	Employer's pensions contributions and direct payments to pensioners payable in the year.	75,380
1,700,861	Balance at 31 March	1,073,421

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.

2021/22 £'000		2022/23 £'000
(110)	Balance at 1 April	(120)
110	Reversal of adjustment made at the end of the preceding year	120
(120)	Amounts adjusted at the end of the current year	(364)
(120)	Balance at 31 March	(364)

24. Cash flow statement – operating activities

2021/22 (Restated) £'000		2022/23 £'000
51,553	Net (surplus) or deficit on the provision of services	57,206
	Adjustments for non-cash movements	
(5,082)	Depreciation	(4,468)
(4,322)	(Surplus) or Deficit on Revaluation of Fixed Assets	(5,762)
(2,306)	Revaluation gains/(losses) on Property, Plant & Equipment	4,876
(45,444)	Net charges made for Retirement Benefits	(58,930)
(144)	Sale of Fixed Assets (NBV)	(224)
(1,174)	Contribution (to)/from Provisions	(413)
(9)	Increase/(Decrease) in Interest on Investments accrual	(14)
1	(Increase)/Decrease in Interest on Borrowing accrual	1
34	Increase/(Decrease) in Stock	(73)
1,186	Increase/(Decrease) in Debtors	768
(2,909)	(Increase)/Decrease in Creditors	2,842
(60,169)		(61,397)
	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	
37	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	252
(1,947)	Other payments for financing activities – Agency arrangements	5,574
522	Payments for and Receipts from investing activities	491
(1,388)		6,317
(10,004)	Net cash flows from operating activities	2,126

25. Cash flow statement – investing activities

2021/22 £'000		2022/23 £'000
7,906	Purchase of property, plant and equipment, investment property and intangible assets	19,930
96,000	Purchase of short-term and long-term investments	68,000
382	Other payments for investing activities	425
(37)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(252)
(96,495)	Proceeds from short-term and long-term investments	(80,000)
(904)	Other receipts from investing activities	(917)
6,852	Net cash flows from investing activities	7,186

26. Cash flow statement – financing activities

2021/22 (Restated) £'000		2022/23 £'000
250	Repayments of short and long-term borrowing	274
1,947	Other payments for financing activities	(5,574)
2,197	Net cash flows from financing activities	(5,300)

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 'Go Safe' Partnership. 'Go Safe' is the public facing image of the Wales Road Casualty Reduction Partnership which comprises the four Welsh Police Forces, 22 Unitary Authorities for Wales and the Welsh Government (as the Trunk Road authority).

The 'Go Safe' 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 2022/23, the Police and Crime Commissioner for Dyfed-Powys submitted grant claims totalling £2.9m (2021/22: £2.6m), and incurred expenditure to the value of £7.8m (2020/21: £7.0m), on behalf of the Partnership.

Photo at the Roadside (PARS)

In 2021/22, the Police and Crime Commissioner, on behalf of the Home Office, was designated as the national lead for an agency arrangement known as "PARS – Photo at the Roadside". The Police and Crime Commissioner provided administrative services during 2022/23 and there has been no adverse financial impact as costs incurred have been refunded under the arrangement.

At the 31 March 2023, the Commissioner held £72k of undistributed funds (31 March 2022: £113k). It is anticipated that this balance will be distributed during 2023/24 and costs incurred will be recovered.

Law Enforcement Database (LEDS)

Since 2021/22, the Police and Crime Commissioner has been the national lead for an agency arrangement known as Law Enforcement Database (LEDS) and has been administering the distribution of grant funding to Forces on behalf of the Home Office. LEDS is a Home Office capital project for the replacement of the Police National Computer and Police National Database IT systems.

At the 31 March 2023, the Commissioner held £0.398m of undistributed funds (31 March 2022: £4.1m). It is anticipated that this balance will be distributed during 2023/24 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 2022-23 were £198k (2021-22 £135k) and Dyfed Powys Police's contribution to these costs was £49k in 2022-23 (2021-22 £28k).

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 £1,311k (2021/22: £1,015k) and income/grants have been increased by £1,675k (2021/22: £1,135k); a net decrease in expenditure of £364k (2021/22: £120k). This net decrease 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.

** North Wales Police are basing their Dedicated Security Post (DSP) costs on income and expenditure rather than an allocation based on population in Wales. They are not included in the Regional Task Force, which operate in the Southern Welsh Forces. For the Regional Organised Crime Unit, North Wales Police contribute to the North West Region of England and North Wales.*

Expenditure and Income Statements for 2022/23 for the main collaborative arrangements were as follows:

Service Classification	Counter Terrorism Intelligence Unit/Special Branch	Counter Terrorism Specialist Advisors	Counter Terrorism Port/Dedicated Security	Regional Organised Crime Unit	Regional Task Force	Joint Firearms Unit	Total £'000
	National Policing	National Policing	National Policing	Intelligence Investigation	Intelligence	Specialist Operations	
Pay Expenditure	9,233	551	3,661	9,046	1,840	14,466	38,797
Non-Pay Expenditure	1,468	43	441	1,893	510	1,751	6,106
Gross Expenditure	10,701	594	4,102	10,939	2,350	16,217	44,903
Specific Grant Income	(10,689)	(594)	(4,102)	(5,804)	0	(1,493)	(22,682)
Income	(12)	0	0	0	(42)	(671)	(725)
Total Income & Grants	(10,701)	(594)	(4,102)	(5,804)	(42)	(2,164)	(23,407)
(Surplus) or Deficit - to be funded from Force contributions as follows							
Force contributions (net)							
Dyfed-Powys	0	0	0	(1,044)	(469)	(4,216)	(5,729)
Gwent	0	0	0	(1,333)	(599)	(2,811)	(4,743)
South Wales	0	0	0	(2,758)	(1,240)	(7,026)	(11,024)
Total Force contributions	0	0	0	(5,135)	(2,308)	(14,053)	(21,496)

Each Force's contribution towards Expenditure and Income for 2022/23 was as follows:

Service Classification and agreed basis of apportionment	Counter Terrorism Intelligence Unit/Special Branch	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	1,778	99	425	2,334	478	4,865	9,979
Gwent	2,027	113	484	2,661	610	3,243	9,138
North Wales*	2,368	131	2,113	0	0	0	4,612
South Wales	4,528	251	1,080	5,944	1,262	8,109	21,174
Gross Expenditure	10,701	594	4,102	10,939	2,350	16,217	44,903
Dyfed-Powys	(1,778)	(99)	(425)	(1,244)	(9)	(649)	(4,204)
Gwent	(2,027)	(113)	(484)	(1,402)	(11)	(433)	(4,470)
North Wales*	(2,368)	(131)	(2,113)	0	0	0	(4,612)
South Wales	(4,528)	(251)	(1,080)	(3,158)	(22)	(1,082)	(10,121)
Total Income & Grants	(10,701)	(594)	(4,102)	(5,804)	(42)	(2,164)	(23,407)

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)
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)

29. Officers' remuneration

Senior Employees 2022/23	From	To	Full-time equivalent salary as at 31.03.23 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 £
Chief Constable	01/04/2022	31/03/2023	163,208	162,336	0	0	0	162,336	50,324	212,660
Deputy Chief Constable**	01/04/2022	19/03/2023	124,530	126,245	0	0	0	126,245	41,412	167,657
Assistant Chief Constable	01/04/2022	20/08/2022	119,220	46,150	0	0	0	46,150	14,306	60,456
Temporary Assistant Chief Constable (A)	05/03/2023	31/03/2023	107,622	7,803	6,099	0	0	13,902	2,419	16,321
Temporary Assistant Chief Constable (B)	10/07/2022	31/03/2023	114,306	84,314	4,800	0	0	89,114	25,635	114,749
Director of Finance/ Chief Financial Officer to the Chief Constable	01/04/2022	31/03/2023	96,468	96,468	0	0	0	96,468	17,171	113,639
Commissioner	01/04/2022	31/03/2023	68,202	68,044	0	0	0	68,044	12,055	80,099
Chief Financial Officer to the Commissioner*	01/04/2022	31/03/2023	86,469	56,732	0	0	0	56,732	10,098	66,830
Chief of Staff*	01/04/2022	05/06/2022	86,469	15,612	0	0	0	15,612	2,779	18,391
Chief Executive*	06/06/2022	31/03/2023	86,469	69,604	0	0	0	69,604	12,389	81,993
Total 2022/23				733,308	10,899	0	0	744,207	188,588	932,795

*staff under the direction and control of the Commissioner

**on the 20 March 2023, the Deputy Chief Constable started a secondment with the University of South Wales in the position of Programme Manager – HYDRA Research and Innovation. No income was received for this secondment.

The Chief of Staff role has been renamed to Chief Executive and was held by the same employee for the full year.

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 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

**due to a restructure the Director of Estates position changed for the 2022/23 year and is now the Head of Estates. This position reports to the Director of Finance for the Chief Constable, rather than under 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.

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:

2021/22 Number of employees		2022/23 Number of employees
31	£60,000 - £64,999*	38
4	£65,000 - £69,999	10
3	£70,000 - £74,999	2
8	£75,000 - £79,999	5
2	£80,000 - £84,999	5
4	£85,000 - £89,999	2
2	£90,000 - £94,999	5
1	£95,000 - £99,999	0
0	£100,000-£104,999	1
0	£105,000-£109,999	0
0	£110,000-£114,999	0
0	£115,000-£119,999	0
0	£120,000-£124,999	0
1	£125,000-£129,999**	0

*No other staff employed by the Commissioner received remuneration of more than £60,000 in 2022/23

*One employee worked part time hours in the year but their salary has been prorated to a full time equivalent and as such would be included in the £60,000 - £64,999 banding

** 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 £163,208 (2021/22: £161,115).

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:

- a) the remuneration of the body's Chief Constable/Chief Executive during the year to which the accounts relate;
- b) the median full-time equivalent remuneration of all the body's employees in post at 31 March 2023; and
- c) 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 Executive

The remuneration of the Chief Executive for 2022/23 was £86,469 (2021/22: £88,449)

The median full-time equivalent remuneration of all the Commissioner's employees as at 31 March 2023 was £39,183 (2021/22: £28,250)

The ratio of the Chief Executive's remuneration to the median Commissioner employee's remuneration was 2:21:1 (2021/22: 3:13:1)

Chief Constable

The annualised remuneration for the Chief Constable was £163,208 (2021/22: £161,115). The Chief Constable received no benefit in kind during 2022/23 (2021/22: £12,169)

The median full-time equivalent remuneration of all the Chief Constable's employees as at 31 March 2023 was £37,083 (2021/22: £35,485)

The ratio of the Chief Constable's remuneration to the median Chief Constable employee's remuneration was 4:40:1 (2021/22: 4:86:1)

Joint Audit Committee Members

The following amounts were paid to members in 2022/23 and 2021/22.

Group 2021/22 £'000	Commissioner 2021/22 £'000		Group 2022/23 £'000	Commissioner 2022/23 £'000
2	2	Allowances	4	4
2	2	Total	4	4

30. External audit costs

The Commissioner and the Chief Constable jointly incurred external audit fees with Audit Wales. The total costs are split equally between the Group/Commissioner Statement of Accounts and the Chief Constable Statement of Accounts.

2021/22 £'000	Area of Audit Work	2022/23 £'000
79	Audit of Accounts	79
5	Use of Resources	5
0	Additional fee for further work	22
84	Total	106

The additional fee for further work reflects the additional time required in auditing the 2021/22 accounts, this was the result of material issues linked to asset and pension valuations.

31. Grants and Other Income

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

2021/22 £'000		2022/23 £'000
	Credited to Taxation and Non-specific grant income	
(34,070)	Police Revenue Grant	(34,311)
(10,427)	Welsh Floor Grant	(17,706)
(3,818)	Revenue Support Grant	(8,477)
(1,334)	Capital Grants and Contributions	(259)
(49,649)	Total grants credited to Taxation and Non-specific grant income	(60,753)
	Credited to services	
	<i>Revenue grants</i>	
(2,980)	Police Community Support Officers	(3,412)
(2,765)	Counter-Terrorism Grants	(3,220)
(1,302)	Specific Grant – pensions	(1,302)
(766)	Police Uplift Programme	(1,216)
(120)	Covid-19 pandemic related grants	0
0	Home Office Special Grant – Pay Award	(496)
(368)	Victim Support Services (Goleudy)	(392)
(311)	Private Finance Initiative	(298)
(307)	All Wales Schools Liaison Programme	(302)
(268)	Disclosure and Barring Grant	(318)
(195)	Capital Loans Grant	(195)
(71)	Other Revenue Grants	(96)
(9,453)	Total Revenue Grants accounted for by the Force	(11,247)
(867)	Victim Support Services	(1,013)
(278)	Safer Streets Fund	(91)
(292)	Domestic Abuse Perpetrator Programme Fund	(318)
(145)	Funding for the development of the Central Repository of the Single Unified Safeguarding Review	(57)
(1,582)	Total Revenue Grants accounted for by the Commissioner	(1,479)
	<i>** Collaborative Grants</i>	
(34)	Counter-Terrorism and Joint Firearms Unit grants – fair share adjustment	(477)
(11,069)	Total grants credited to services	(13,203)

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

2021/22 £'000		2022/23 £'000
	Credited to services	
(782)	Mutual Aid to Other Police Forces	(537)
(766)	Contributions from Other Public Bodies	(1,099)
(1,995)	Income from Secondments	(2,198)
(870)	Sales and Charges	(803)
(102)	Insurance Receipts	(75)
(165)	Vehicle Recovery Scheme	(142)
(332)	Prosecution Costs Recovered	(349)
(154)	Donations	(5)
(4)	Custody Charging – Home Office	(115)
(1,249)	Fees and Charges – Driver Retraining	(1,835)
(1,409)	Other Income/Recoverables – Go Safe (Dyfed-Powys element)	(1,273)
(264)	Other Income	(570)
(196)	Internal Recharge Income - ICT	(299)
(387)	Internal Recharge Income - Other	(431)
(8,675)	Total Other Income accounted for by the Commissioner	(9,731)
	<i>** Collaborative Income</i>	
(196)	Collaborative Arrangements – fair share adjustment	(63)
(8,871)	Total other income credited to services	(9,794)

**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 2022/23 and 2021/22 is provided below:

2021/22 £'000		2022/23 £'000
(20,509)	Carmarthenshire County Council	(21,675)
(15,758)	Pembrokeshire County Council	(17,481)
(17,246)	Powys County Council	(18,301)
(8,793)	Ceredigion County Council	(9,304)
(62,306)	Total	(66,761)

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 2022/23 financial year, the Police and Crime Commissioner for Dyfed-Powys paid a total to the Police ICT Company of £208k (2021/22: £184k).

The Commissioner is a board member for the National Police Air Support Service (NPAS). NPAS provides air support to Police Forces across England and Wales. The Police and Crime Commissioner for Dyfed-Powys is invoiced by the Police and Crime Commissioner for West Yorkshire for this service and during 2022/23, the total amount invoiced in respect of NPAS was £430k (2021/22: £231k). The Force also seconds two officers to NPAS on a full cost recovery basis.

No other senior officers declared any related party relationships for 2022/23.

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 2022/23, the Police and Crime Commissioner for Dyfed-Powys did not undertake any financial transactions with Safer Dyfed-Powys Diogel (2021/22: nil).

Joint Audit Committee Members

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

During 2022/23, one member of the Joint Audit Committee has been employed by Barcud Housing Association who is a partner of Dyfed Powys police. During the 2022/23 financial year, there were no transactions between the Police and Crime Commissioner for Dyfed-Powys and the Housing Association.

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.

2021/22 £'000		2022/23 £'000
2,643	Opening capital financing requirement	7,824
9,092	Property, Plant and Equipment	20,157
44	Investment Properties	2
3	Assets Held for Sale	0
	Sources of finance:	
(37)	Capital receipts	(252)
(1,346)	Government grants and other contributions	(258)
0	Sum set aside from Revenue (Earmarked Capital Reserve)	(974)
(2,522)	Direct revenue contributions	(4,339)
(53)	Minimum Revenue Provision	(169)
7,824	Closing capital financing requirement	21,991
	Explanation of movements in year:	
53	Capital Financing (Minimum Revenue Provision)	169
(5,234)	Increase in underlying need to borrowing (unsupported by government financial assistance)	(14,336)
(5,181)	(Increase)/decrease in capital financing requirement	(14,167)

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 2022/23 the MRP is £169k (2021/22: £53k). MRP is chargeable in the year after the asset becomes operational, in line with the MRP policy included in the Treasury Management Strategy 2022/23, 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:

2021/22 £'000		2022/23 £'000
192	Not later than one year	204
300	Later than one year and not later than five years	402
314	Later than five years	645
806	Total	1,251

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

2021/22 £'000		2022/23 £'000
224	Minimum lease payments	220
224	Total	220

Group/Commissioner as Lessor

Operating 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 2021/22 £'000	Commissioner 2021/22 £'000		Group 2022/23 £'000	Commissioner 2022/23 £'000
294	294	Not later than one year	318	318
982	982	Later than one year and not later than five years	1,015	1,015
844	844	Later than five years	740	740
2,120	2,120	Total	2,073	2,073

35. Impairment Losses

There were no Impairment Losses during 2022/23 (2021/22: £24k)

36. Termination benefits

2021/22	2021/22		2022/23	2022/23
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
1.0	1	£0 - £20,000	1.0	2
0.0	0	£20,001 - £40,000	0.0	0
0.0	0	£40,001 - £60,000	0.0	0
1.0	68	£60,001 - £80,000	0.0	0
2.0	69		1.0	2

One exit package (including payment in lieu of notice) was paid during 2022/23 (2021/22: two).

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 three years with a roll-forward approach being applied in the interim years.

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.
2021/22	2021/22	2021/22	2021/22		2022/23	2022/23	2022/23	2022/23
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
				Comprehensive Income and Expenditure Statement (CIES)				
				Cost of services				
(11,399)	(445)	(36,313)	0	Current service cost	(12,296)	(270)	(38,181)	0
(109)	0	0	0	Other	(119)	0	0	0
				Financing and Investment Income and Expenditure				
(1,856)	(72)	(34,591)	0	Net interest expense	(2,086)	(46)	(44,934)	0
(13,364)	(517)	(70,904)	0	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(14,501)	(316)	(83,115)	0
				Other Post Employment Benefit Charged to the CIES				
				Remeasurement of the net defined benefit liability comprising:				
8,505	332	0	0	Return on plan assets (excluding the amount included in the net interest expense)	(9,423)	(207)	0	0
2,065	81	38,616	0	Remeasurement gains and losses arising on changes in demographic assumptions	7,363	161	9,302	0
5,814	227	(47,596)	0	Remeasurement gains and losses arising on changes in financial assumptions	124,637	2,733	676,302	0
(621)	(24)	13,822	0	Remeasurement gains/(losses) arising from experience	(23,978)	(526)	(87,952)	0
0	0	0	0	* IFRIC 14 surplus adjustment	(9,881)	(218)	0	0
2,399	99	(66,062)	0	Total Post Employment Benefit Charged to the CIES	74,217	1,627	514,537	0
0	2,300	0	(66,062)	Commissioning Costs (intra-group transfer)	0	72,590	0	514,537
2,399	2,399	(66,062)	(66,062)	Total net cost	74,217	74,217	514,537	514,537
				Movement in Reserves Statement				
13,364	13,364	70,904	70,904	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	14,501	14,501	83,115	83,115
				Actual amount charged against the General Fund Balance for pensions in the year				
(4,920)	(4,920)	(33,904)	(33,904)	Employers' contributions payable to scheme	(5,293)	(5,293)	(33,393)	(33,393)

* New Pensions Asset in 2022/23 - IFRIC surplus adjustment

The IAS19 Balance Sheet was showing a surplus for the Local Government Pension Scheme of £9.881m at 31 March 2023.

'IFRIC 4 - IAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction' addresses the extent to which an IAS19 surplus can be recognised on the balance sheet and states that when an entity has a surplus, it shall measure the net defined benefit asset as the lower of:

- a) The surplus in the defined benefit plan; and
- b) The asset ceiling, determined using the discount rate (IAS19).

The asset ceiling is "the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan".

Calculations were performed and it was determined that an asset ceiling adjustment was required to bring the net asset surplus down to £nil. This is to stop the LGPS showing an asset which belongs to the scheme members rather than the scheme itself.

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:

	Local Government Pension Scheme	Police Pension Scheme	Total
2022/23	£'000	£'000	£'000
Present value of the defined benefit obligation	(175,504)	(1,073,421)	(1,248,925)
Fair value of plan assets	185,385	0	185,385
* IFRIC 14 surplus adjustment	(9,881)	0	(9,881)
Net liability arising from defined benefit obligation	0	(1,073,421)	(1,073,421)

	Local Government Pension Scheme	Police Pension Scheme	Total
2021/22	£'000	£'000	£'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)

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 2023/24 the Chief Constable will make a pension contribution of 31.0% (2022/23: 31.0%) for police officers and 16.8% (2022/23: 17.8%) for police staff.

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

	Local Government Pension Scheme		Police Pension Scheme	
	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000
Opening fair value of scheme assets	170,475	185,847	0	0
Interest income	3,786	5,322	0	0
Remeasurement gain / (loss) - The return on plan assets excluding the amount included in the net interest expense	8,505	(9,423)	0	0
Contributions from employer	4,920	5,293	33,904	33,393
Contributions from employees into the scheme	1,787	1,940	6,141	6,469
Benefits paid	(3,517)	(3,475)	(40,045)	(39,862)
Other (if applicable)	(109)	(119)	0	0
Closing fair value of scheme assets	185,847	185,385	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	
	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000
Opening Balance at 1 April	(257,304)	(265,357)	(1,589,193)	(1,621,351)
Current service cost	(11,399)	(12,296)	(36,313)	(38,181)
Interest cost	(5,642)	(7,408)	(34,591)	(44,934)
Contributions from scheme participants	(1,787)	(1,940)	(6,141)	(6,469)
Remeasurement gains/ (losses) arising from changes in demographic assumptions	2,065	7,363	13,822	9,302
Remeasurement gains / (losses) arising from changes in financial assumptions	5,814	124,637	38,616	676,302
Remeasurement gains/(losses) arising from experience	(621)	(23,978)	(47,596)	(87,952)
Benefits Paid	3,517	3,475	40,045	39,862
Closing balance at 31 March	(265,357)	(175,504)	(1,621,351)	(1,073,421)

Fair Value of Scheme Assets (LGPS Scheme)

The LGPS scheme held assets as follows:

	31 March 2022	31 March 2023
Fair value of scheme assets (LGPS)	£'000	£'000
Cash and cash equivalents	3,159	1,335
Equity instruments	134,312	137,908
Bonds	17,228	14,126
Property	24,290	24,934
Alternatives	6,858	7,082
Total Assets	185,847	185,385

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	
	2021/22	2022/23	2021/22	2022/23
Longevity at 65 (60 for police scheme) for current pensioners				
Men	23.0	21.9	26.18	25.90
Women	24.9	24.1	28.38	28.17
Longevity at 65 (60 for police scheme) for future pensioners				
Men	24.4	23.3	28.45	27.87
Women	27.1	26.0	30.55	30.07
Other assumptions				
Rate of inflation	3.2%	2.7%	3.2%	2.7%
Rate of increase in salaries	4.7%	4.2%	4.8%	4.2%
Rate of increase in pensions	3.3%	2.8%	3.3%	2.8%
Rate for discounting scheme liabilities	2.8%	4.8%	2.8%	4.8%

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. The sensitivity analyses assume 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 analyses 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 analyses 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 2022/23		
Longevity (increase by 1 year)	3,421	0
Rate of inflation (increase by 0.1%)	9,193	0
Rate of increase in salaries (increase by 0.1%)	1,975	0
Rate for discounting scheme liabilities (increase by 0.1%)	0	16,572

	Impact on the defined benefit obligation in the scheme	
	Increase £'000	Decrease £'000
Police Pension Scheme 2022/23		
Longevity (increase by 1 year)	21,940	0
Rate of inflation (increase by 0.1%)	47,991	0
Rate of increase in salaries (increase by 0.1%)	11,450	0
Rate for discounting scheme liabilities (increase by 0.1%)	0	86,480

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 three years. The latest Actuarial Valuation was completed on 31 March 2023 and details of the current and future employer's rates are shown below:

Year	Employer rate
2024/25	16.8%
2023/24	16.8%
2022/23	17.8%

The contribution rate was reassessed as part of the Actuarial Valuation during 2022/23. New contributions will be payable from 1 April 2023.

Legal Cases

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. These claims against the Police Pension Scheme (the Aarons case) had previously stayed behind the McCloud/Sargeant judgement but have now been lifted and a case management hearing was held on 25 October 2019. The resulting Order of 28 October 2019 included 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. The consultation explained that the proposals set out would only apply to those who started their service on or before 31 March 2012 and remained in service on 1 April 2015.

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 to 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.

McCloud Remedy

The McCloud remedy window ran from 1 April 2015 to 31 March 2022. Eligible members will be able to elect which scheme they wish to receive benefits from for this period. Due to the differing benefits structures, the Actuary expects that the majority of eligible police members to elect to take legacy scheme (1987 Scheme or 2006 Scheme) benefits for the remedy period. An allowance for McCloud remedy was first included in the 2018/19 pension disclosures as a past service cost for four years remedy service from 2015 to 2019. This past service cost was attributed proportionally to the 1987 and 2006 schemes. For subsequent years to 2021/22 an allowance was made in the 2015 service costs for the annual accrual of additional remedy service. Now that the remedy window is closed, the Actuary has moved all McCloud related liabilities for eligible members for the period 2019 to 2022 to the associated legacy schemes. This means all McCloud liability are held within the legacy scheme where benefits are expected to be paid from. This has led to a past service cost of £48m added to the 1987 Scheme and a past service cost of £3m in the 2006 Scheme. As these liabilities are no longer held within the 2015 Scheme there is a past service gain of £52m.

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 and 2022 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.

For the 2023 exercise, an allowance has continued to be included for McCloud that is assessed in a similar manner to that adopted previously. The position will be reviewed again in 2024 depending on the extent to which the 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 a police body 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.

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 eleven other Forces, external solicitors are engaged to represent serving officer(s). 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 2022/23 Accounting Statements. The Inquiry currently aims to publish its final report in 2026.

39. Nature and extent of risks arising from financial instruments

The Commissioner has adopted CIPFA's Revised Code of Practice on Treasury Management (2021 version) and complies with the Revised Prudential Code of Capital Finance for Local Authorities (updated in 2021).

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 2023 that this was likely to crystallise.

The table below summarises the nominal value of the Commissioner's investment portfolio at 31 March 2023, 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 2023				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	0	0	0	0	0
Bonds	2,000	Yes	Yes	0	0	0	0	0	0
Money Market	3,000	Yes	Yes	4,017	0	0	0	0	4,017
Local Authorities	3,000	N/A	N/A	0	0	0	0	0	0
UK Government	Unlimited	N/A	N/A	0	0	0	0	0	0
Total				4,017	0	0	0	0	4,017

The above analysis shows that all deposits outstanding as at 31 March 2023 met the Commissioner's credit rating criteria.

Outstanding Debts

The Commissioner does not generally allow credit for debtors, including balances owing by Government departments, other Local Authorities, business organisations and individuals. The overdue (but not impaired) debt can be analysed by age as follows:

31 March 2022 £'000		31 March 2023 £'000
161	Less than one month overdue	315
5	One to two months overdue	118
0	Two to three months overdue	1
94	More than three months overdue	62
260	Total overdue debt	496
88	Value of doubtful debts impaired	25
33.8%	Impairment of doubtful debts as % of total overdue debt	5.0%

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 his 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 2022 £'000	Loans maturing within	31 March 2023 £'000
279	Under 1 Year	303
279	Total Current Borrowing	303
298	1 – 2 years	326
684	2 – 5 years	358
982	Total Long-Term Borrowing more than 12 months	684

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 2021/22 financial year, and these were completed in January 2023.

The Charitable Incorporated Organisation (CIO) has been in a period of inactivity and did not receive any donations or incur any expenditure during 2022/23. The trustees are giving consideration to future plans.

Glossary of Terms

Term	Definition
2022/23	This refers to the period covered by these accounts - 1 April 2022 to 31 March 2023.
2021/22	This refers to the period covered for comparative purposes by these accounts – 1 April 2021 to 31 March 2022.
Accounting policies	These are a set of rules and codes of practice used when preparing the accounts.
Accruals	The accounting treatment, where income and expenditure is recorded when it is earned or incurred not when the money is received or paid.
Amortisation	This is the measure of the wearing out, consumption or other reduction in the useful life of Intangible assets.
Capital expenditure	Expenditure on the acquisition or construction of assets, or expenditure which adds to the value of an existing asset, which have a long-term value to the Group e.g., land and buildings.
Capital receipts	Income from the sale of non-current assets, which can only be used to finance new capital expenditure or repay outstanding debt on assets financed from loans. Usable capital receipts are those capital receipts which are not set aside for specific purposes but are available to be used for any capital purchases.
Carrying value	The carrying value of an asset or a liability is the value of the asset or liability that is recorded in the Balance Sheet.
CIPFA	The Chartered Institute of Public Finance and Accountancy, one of the professional accountancy bodies in the UK. CIPFA specialises in the public services and has responsibility for setting accounting standards for these services.
Commissioning	The entire cycle of assessing the needs of people in a local area, designing services, and then securing them.
Consumer Price Index (CPI)	Official measure of the general level of inflation as reflected in the retail price of goods and services – excludes mortgage interest payments, council tax and other housing costs.

Term	Definition
Contingent liabilities	<p>These exist where:</p> <ul style="list-style-type: none"> • a possible obligation arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control; or • a present obligation arises from past events but is not recognised because: • it is not probable that a transfer of economic benefits will be required to settle the obligation, or • the amount of the obligation cannot be measured with sufficient reliability.
Corporation sole	A corporation sole is a legal entity consisting of a single ("sole") incorporated office, occupied by a single ("sole") man or woman i.e. the Commissioner and Chief Constable are both corporations sole under the PRSRA.
Creditors	Individuals or organisations to which the PCC/Group owes money at the end of the financial year split short-term (within 12 months) and long-term.
Current assets	<p>Current assets are items that can be readily converted into cash.</p> <p>By convention, the items are ordered by reference to the ease that such conversion into cash can be carried out.</p>
Current liabilities	Current liabilities are items that are due immediately or in the short-term.
Current service cost (Pensions)	An estimate of the true economic cost of employing people in a financial year. It measures the full liability estimated to have been generated in the year.
Debtors	Individuals or organisations that owe the PCC/Group money at the end of the financial year split short-term (within 12 months) and long-term.
Defined benefit scheme	A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The schemes may be funded or unfunded.
Depreciation	This is the measure of the wearing out, consumption, or other reduction in the useful economic life of Property, Plant and Equipment.
Fair value	The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase of the asset.
Financial instrument	<p>Any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.</p> <p>A derivative financial instrument is a financial contract that derives its value from changes in underlying assets or indices.</p>

Term	Definition
Fixed Assets	These are items such as land, buildings, vehicles and major items of equipment, which give benefit to the PCC/Group over more than one year.
IFRS	International Financial Reporting Standard.
IFRIC	International Financial Reporting Interpretations Committee.
General Fund	This is the main revenue fund of the PCC/Group and includes the net cost of all services financed by local taxpayers and Government grants.
Group accounts	The financial statements of the group i.e., the two corporations sole, presented as a single economic entity.
Impairment	A reduction in the value of a non-current asset, below its carrying amount in the balance sheet.
Intangible Assets	These are assets that do not have a physical substance but are identifiable and controlled by the PCC/Group. Examples include software, licenses and patents.
Inventories	Amounts of unused or unconsumed stocks held in expectation of future use at the Balance Sheet date.
Leases	This is where a rental is paid for the use of an asset for a specified period of time. Two forms of lease exist: finance leases and operating leases.
Materiality	An item would be considered material to the financial statements if, through its omission or non-disclosure, the financial statements would no longer show a true and fair view.
Minimum Revenue Provision	The prudent amount that the PCC/Group is statutorily required to set aside from revenue funds to meet the repayment of borrowing undertaken to support capital investment.
National Non-Domestic Rates (NNDR)	The non-domestic rates, or business rates, collected by local councils are the means by which businesses and others who occupy non-domestic property make a contribution towards the cost of local services. The rates are pooled by central government and redistributed to local councils and Commissioner according to a formula.
Net Book Value (NBV)	The amount at which non-current assets are included in the balance sheet i.e., their historical cost or current value less the cumulative amounts provided for depreciation.
Net Realisable Value (NRV)	The open market value of an asset in its existing use (or open market value in the case of non-operational assets) less the expenses to be incurred in realising the asset.
Net Interest Cost (Pensions)	For a defined benefit scheme, this occurs during the period when the net defined benefit liability (asset) arises from the passage of time.
Non-current assets	These are items such as land, buildings, vehicles and major items of equipment, which give benefit over more than one year.

Term	Definition
Operating Leases	An operating lease involves the lessee paying a rental for the hire of an asset for a period of time that is substantially less than its useful economic life. The lessor retains most of the risks and rewards of ownership.
Past service cost	For a defined benefit scheme, these arise from decisions taken in the current year but whose financial effect is derived from years of service earned in earlier years.
PCC	The abbreviation for the Police and Crime Commissioner. The PCC is a separate corporation sole which was established on the 22 November 2012 under the Police and Social Responsibility Act 2011. Also referred to as the Office of the Police and Crime Commissioner (OPCC).
Police Reform and Social Responsibility Act (PRSRA)	An Act of the Parliament of the United Kingdom which transferred the control of Police Forces from police authorities to elected Police and Crime Commissioners.
Precept	The amount levied and collected by the four Dyfed-Powys Authorities (Carmarthenshire, Pembrokeshire, Ceredigion and Powys) and paid over to the PCC/Group.
Provisions	A provision is a liability of uncertain timing or amount. A provision is recognised if the following criteria are fulfilled: <ul style="list-style-type: none"> • an entity has a present obligation as a result of a past event; • it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; • a reliable estimate can be made of the amount of the obligation.
Prudential borrowing	Borrowing by local authorities without government financial support, but in accordance with the CIPFA prudential code of local authority borrowing.
PWLB	This is the Public Works Loan Board, which is an organisation financed by the Government. It lends money to Commissioners on set terms so that they can buy capital items.
Reserves	Balances that represent resources set aside for purposes such as general contingencies and cash flow management. Earmarked reserves are those set aside for specific policy purposes.
Retail Price Index (RPI)	Official measure of the general level of inflation as reflected in the retail price of a basket of goods and services, including mortgage costs, council tax and other household costs.
Revaluation of Non-Current Assets	A revaluation of Non-Current Assets is a technique required to accurately record the true value of capital assets held in the balance sheet. The purpose of a revaluation is to bring into the accounts the fair market value of non-current assets.

Term	Definition
Revenue Budget	The estimate of annual income and expenditure requirements, which sets out the financial implications of policies and the basis of the annual precept to be levied on collection funds.
Revenue Support Grant (RSG)	A general government grant in support of local authority expenditure (including Commissioners) and fixed each year in relation to spending levels.
Senior Employee	An employee whose salary is more than £150,000 per year, or one whose salary is at least £60,000 per year (calculated pro rata for a part-time employee) and who is the designated head of paid service and a statutory chief officer. Typically, the Commissioner's Chief Executive and statutory Chief Officers.
The CIPFA Code of Practice	The CIPFA Code of Practice (The Code), incorporates guidance in line with IFRS, IPSAS and UK GAAP Accounting Standards. It sets out the proper accounting practice to be adopted for the Statement of Accounts to ensure they 'present fairly' the financial position of the Council. The Code has statutory status via the provision of the Local Government Act 2003.