



CHIEF CONSTABLE FOR GWENT

STATEMENT OF ACCOUNTS

2021 | 2022



Contents

Narrative Report.....	2
Independent Auditor's Report.....	6
Statement of Responsibilities.....	9
Joint Annual Governance Statement of the Police and Crime Commissioner for Gwent and the Chief Constable for Gwent	10
Comprehensive Income and Expenditure Statement	39
Balance Sheet.....	40
Police Pensions Account.....	41
Notes to the Financial Statements of the Chief Constable.....	42
Note 1 - Accounting Policies	42
Note 2 - Accounting Standards that have been issued but not yet adopted	44
Note 3 - Critical judgments in applying accounting policies	44
Note 4 - Assumptions made about the future and other sources of estimation uncertainty	44
Note 5 - Material items of Income & Expenditure.....	45
Note 6 - Events after the Balance Sheet date.....	45
Note 7 - Financing and Investment Income and Expenditure.....	45
Note 8 - Intra Group Adjustments.....	46
Note 9 - Inventories.....	47
Note 10 - Creditors	47
Note 11 – Other Long-Term Liabilities	48
Note 12 - Members' Allowances	48
Note 13 - Police Officer and Police Staff Remuneration	49
Note 14 - Termination Benefits.....	53
Note 15 - External Audit Costs	54
Note 16 - Related Parties	55
Note 17 - Defined Benefit Pension Scheme	56
Note 18 - Contingent Assets and Liabilities	61
Note 19 – Collaboration.....	62
Note 20 - Gwent Independent Film Trust (GIFT)	64
Glossary.....	65

Narrative Report

Introduction

The purpose of the Statement of Accounts is to provide information about the financial position, performance, management accountability of resources, risks and uncertainties of the Chief Constable for Gwent (the Chief Constable), which is useful to a wide range of users. Users of the financial statements may include the public, Government, grant-awarding bodies, employees, customers, suppliers and contractors.

The accountability for public resources and the roles and responsibilities of the Police and Crime Commissioner for Gwent (the Commissioner) and the Chief Constable set out in statute are documented in the Joint Annual Governance Statement. The review of the effectiveness of the governance arrangements of the Commissioner and Chief Constable is also set out in the Joint Annual Governance Statement published as part of the Statement of Accounts.

This Statement of Account covers the 2021/22 financial year and the reporting period was affected by the Coronavirus pandemic. The 'Looking Ahead' section of the narrative report highlights the potential impact on policing and commissioning arrangements throughout 2022/23 and beyond.

Statutory Framework for the Financial Statements

The Police Reform and Social Responsibility Act 2011 (PRSRA) established each Police and Crime Commissioner and Chief Constable in law as a 'corporation sole': separate legal entities with their own legal personality. Each corporation sole is required to produce their own single entity Statement of Accounts, with the Commissioner also producing a Statement of Accounts for the Group (PCC Group) and the Police Pension Fund. The Commissioner is responsible for the finances of the PCC Group and controls all assets regardless of whether they are used by the Commissioner, Force or both entities. The Commissioner is also responsible for the funding of pension liabilities, both in the short and long term. The Commissioner is the recipient of all income and funding, including government grant and precept and other sources of income, relating to policing and crime reduction and all funding for the force must come via the Commissioner. The Chief Constable fulfils their functions under the PRSRA with an annual devolved budget, set by the Commissioner in consultation with the Chief Constable.

The Accounts and Audit (Wales) Regulations 2014, require Local Government bodies to prepare a Statement of Accounts in accordance with proper practices. The CIPFA Code of Practice on Local Authority Accounting (the Code) is identified as representing proper practices.

The Code applies to Local Government bodies set out in the Public Audit (Wales) Act 2004 who are required to prepare accounts for audit by the Auditor General for Wales. Section 12 of this Act has been amended by the PRSRA to replace reference to Police Authorities with Commissioners and Chief Constables.

The Code requires that Local Authorities prepare their Financial Statements in accordance with the International Accounting Standards Board (IASB) Framework for the Preparation and Presentation of Financial Statements (the IASB Framework) as interpreted by the Code. The IASB Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users of the accounts. The Statement of Accounts continue to follow International Financial Reporting Standards (IFRS).

Statement of Accounts

The Chief Constable's Statement of Accounts for the financial year ended 31st March 2022, which is in accordance with the Code in the United Kingdom 2021/22, consist of:

- **Narrative Report** – which provides an introduction to the Statement of Accounts and highlights significant matters reported in the Accounts;
- **Independent Auditor's Report** – which confirms the opinion of the auditor as to whether the accounting statements give a true and fair view of the financial position of the Chief Constable, and have been properly prepared in accordance with the Code;
- **Statement of Responsibilities** – which sets out the respective responsibilities of the Chief Constable and the Assistant Chief Officer – Resources, in respect of the Statement of Accounts;
- **Annual Governance Statement** – which is a joint statement by the Commissioner and the Chief Constable, describing how the system of internal control has ensured that their functions have been exercised with a combination of economy, efficiency and effectiveness during the year;
- **Financial Statements:**
 - **Comprehensive Income and Expenditure Statement (CIES)** – this shows the accounting cost in the year of providing services in accordance with International Accounting Standards (IAS) rather than the amount funded from Government grants and taxation;
 - **Balance Sheet** – this shows the value of the assets, liabilities and reserves (net worth) of the Chief Constable as at 31st March 2022;

- **Police Pensions Account** – this provides information about the financial transactions in respect of the Police Pension Schemes. Each individual Chief Constable is required by legislation (Police Pension Fund Regulations 2007) to operate a Pension Fund using monies provided by the Commissioner; and
- **Notes to the Financial Statements** – these provide further analysis and explanations on items of income, expenditure, assets and liabilities within the main accounting statements detailed above.

The Financial statements do not contain a Movement in Reserves Statements as all reserves belong to the Commissioner. Similarly, the Chief Constable does not hold any cash and therefore there is no Cash Flow Statement within the Chief Constable's Statement of Accounts.

Financial Performance of the Chief Constable

The following summary provides an overview of the financial position and performance of Gwent Police for the year ending 31st March 2022.

Revenue Income and Expenditure

The net revenue budget requirement for the year of £147.555m was approved by the Commissioner on 22nd February 2021. After the Home Office Grant of £51.539m, Revenue Support Grant of £21.591m and National Non-Domestic Rates of £10.266m, the amount to be collected from Council Tax was £64.159m. The majority of this gross budget is attributable to policing services under the direction and control of the Chief Constable and is equal to that of the Police and Crime Commissioner Group, less the cost of administering the Office of the Police and Crime Commissioner.

The CIES shows the total cost of policing services of £185.867m (2020/21: £163.527m). Adjusting this figure for corporate costs, changes in future pension liabilities, and other appropriations and contributions excluded from the cost of services, produces total operating expenditure for the Chief Constable for the year of £219.572m (2020/21: £196.107m). The total amount of operating expenditure is fully funded by the Commissioner by way of an intra-group transfer, leaving a £nil balance within the accounts of the Chief Constable.

The underlying performance of the Police and Crime Commissioner Group for the year ended 31st March 2022, which the Chief Constable is part of, before all statutory and funding basis adjustments, was a break even position. This position is after recurrent savings through the acceleration of efficiency schemes via the Force's Service Improvement Programme and savings against demand-led budgets.

This surplus has been transferred to Earmarked Reserves, which are controlled and owned by the Commissioner and disclosed in the Statement of Accounts for the Police and Crime Commissioner and the Police and Crime Commissioner Group.

Pensions Liability

The Pension Scheme for Police Officers is an unfunded scheme. The Government Actuary's Department calculate the potential liability of the Police schemes based on Actuarial review, using Pension and Payroll data. In the case of Police Staff, Gwent Police is an admitted body to the Greater Gwent (Torfaen) Pension Fund Local Government Pension Scheme and is a funded scheme.

The impact of an increase in scheme liabilities as a result of the McCloud/Sargeant ruling on claims of unlawful discrimination arising from the Transitional Provisions of the Police Pension Regulations 2015, will be measured through the valuation process which determines employer and employee contribution rates. The last Police Pension valuation was due to take place in 2020 with implementation of the results planned for 2023/24. The impact of an increase in annual pension payments arising from McCloud/Sargeant is determined through The Police Pension Fund Regulations 2007. These require the Police and Crime Commissioner to maintain a police 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 enough 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 Police and Crime Commissioner in the form of a central government top-up grant. The estimated impact of the McCloud/Sargeant ruling has been reflected in the past service costs, notional scheme liabilities and IAS19 disclosures of both pension schemes for 2019/20, 2020/21 and 2021/22.

The estimated net liabilities for both schemes increased over the year from £1,681m to £1,710m, an increase of 1.7%, which was mainly due to changes in actuarial assumptions and the McCloud/Sargeant ruling. The unrealised net losses or gains for the year on both schemes have no direct impact on the cost of services in the Comprehensive Income and Expenditure Statement and the notional liability is recognised in the Balance Sheet only.

Looking Ahead

Since 2010/11, following the worldwide economic crisis and associated Government's austerity programme, policing saw an unprecedented financial impact on account of the Home Office being one of the Government Departments whose budgets were unprotected during this time. The result was the largest reduction in central government funding for policing in a generation. Against this backdrop however, Gwent Police has been proactive in responding to the Government's austerity programme, through the Staying Ahead Programme. This was initiated by the Force to address efficiency requirements, with its underlying ethos to deliver service improvement through transformational change, to meet current and future demand and deliver efficiency savings. To the end of 2021/22 therefore, Gwent Police has delivered cumulative recurring cashable efficiency savings of £52.864m. This has been achieved through the ongoing success of the Continuous Improvement Programme (previously Staying ahead programme); which over recent years has become core Force business within its Continuous Improvement Department. In addition, Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services' (HMICFRS) Value For Money (VFM) Profiles are a key tool in indicating potential areas for saving schemes' opportunities.

In addition to the above, Brexit uncertainty since 2016 has brought further financial challenges; with Government funding being set aside for 'no-Deal scenarios; market uncertainty increasing pension costs in the short to medium term; and cost inflation increasing budgets for building works and ICT investment. The latter two implications have added multi-million financial pressures on policing budgets in Gwent.

While setting the 2022/23 budget, further significant uncertainty still remained:

- The uncertainties from Brexit and the Covid 19 Pandemic meant that the expected 2019 and 2020 Comprehensive Spending Reviews (CSR) (which would have set Government Department's budgets for the next three to five years from 2020/21) were deferred until Autumn 2021. The Chancellor published the CSR 2021 in October 2021 and confirmed UK Government Departments' budgets for 2022/23 to 2024/25. It is important to note however, that it is not always clear what represents new funding, with many of the 'announcements' in the Autumn 2021 Budget and CSR 2021 having already been announced. This resulted in a real-terms increase to the Home Office budget of 1.9% a year on average over the CSR 2021 period but before any required efficiency gains;
- The CSR 2021 was silent on the HO's review of the Police Funding Formula – which along with the medium to long-term impact of Covid-19 on Police finances, provides additional future financial uncertainty to 2026/27. By way of background, once the overall size of the Policing budget is determined by the HO (via the CSR/SR process), then the amount of funding provided to respective Police and Crime Commissioners is determined by the Police Funding Formula. It has been well publicised that the current formula is outdated, overly complex, opaque and in need of review. Following several 'false starts' to the review process between 2015 and 2020 as a result of Brexit negotiations, 'snap' General Elections in 2017 and 2019, and the significant increase in the threat of terrorism, the implementation was delayed. In the late Summer of 2021 however, the review re-commenced under significant academic rigour; a robust governance structure; and a challenging timetable in the early months. Completion and sign-off is expected by December 2024 at the latest, with the associated implementation from the 2025/26 financial year onwards but could be implemented sooner in 2024/25. The potential impact of the review is reflected in the MTFP from the 2024/25 financial year onwards.

Alongside the CSR 2021 in November 2021, the Office for Budget Responsibility (OBR) released its Economic and Fiscal Outlook (EFO). The EFO highlights the ongoing effects that Covid-19 has had on the UK economy:

- Amid unusually high levels of uncertainty, the OBR forecasts that GDP will rise by 6.5% in 2021 (a 4.0% increase was forecast at the Spring 2021 Budget). The OBR now expects the economy to be back to its pre-pandemic size around the turn of the year, earlier than mid-2022 as previously expected. In the Spring 2021 Budget, a quick bounce back was expected in 2021 and 2022. This seems to be the case, with all medium-term forecasts revised upwards.
- As stated in the Spring 2021 Budget, CPI inflation fell to just 0.9% in 2020, compared to a pre-Brexit target of around 2% and a pre-pandemic forecast of 1.4%. As the economy has ramped up, forecasts for CPI have risen in the short-term to a 2022 peak of 4.0% but are expected to settle to around 2% (the Government's target) by 2024. It is clear that these forecasts from November 2021, have been dwarfed by current CPI experience.
- The unemployment rate is expected to peak in the fourth quarter of 2021/22, at 6.5% lower than the peak in the OBR's November 2020 forecast. The OBR points to the extension of the Coronavirus Job Retention Scheme (CJRS) and additional fiscal support, as being largely responsible for this reduction on forecast. This is consistent with the March 2021 EFO.
- The effect of Covid-19 on average earnings, wages and salaries is significant. Pre-Covid-19 forecasted increases of 3.6% (wages and salaries) and 3.3% (average earnings) in the November 2020 EFO had been significantly revised down to 1.5% and 1.2% respectively. However, wages and salaries are now expected to recover significantly in 2021 and 2022 with 5.2% and 4.6% increases, with corresponding average earnings increasing by 5.0% and 3.9%.

The joint Annual Governance Statement (published alongside the Statement of Accounts) provides more detail regarding Gwent Police's approach to dealing with the pandemic; the latest direct costs; and the measures in train to take learning from the crisis.

At the time of the announcement of the CSR 2021 outcomes (i.e. late October 2021), although the HO would be investing directly into additional Police Officer numbers through the PUP and supporting the 1.25% NI increase falling upon employers, on the basis that this funding would be ring-fenced, it was anticipated that the delivery of significant financial efficiencies and budget reductions would still continue as per previous Police Settlements. In the build up to CSR 2021, the HO believed a significant contribution towards Police Productivity and Efficiency was a necessary part of the negotiations with HM Treasury and a figure of 5% savings and efficiencies from their day-to-day budgets would need to be identified, to be reinvested in the Government's priorities. Within the CSR 2021, from a Policing perspective, it is understood that the budget available for Policing had been reduced by £100m by 2024/25, to contribute to this Government efficiency target.

The Home Office continues to provide the financial means to meet the Prime Minister's pledge to recruit an additional 20,000 police officers by March 2023. Police Officer recruitment plans started in earnest in the latter part of 2019/20, continued in 2020/21 and are predicted to meet the local target for additional officers in Gwent in 2022/23. Importantly, additional funding has been provided for the associated infrastructure needed to make those new Police Officers as effective as they could be. In addition, the Welsh Labour's manifesto commitment to increase PCSO numbers in Wales by a further 100 has been implemented in 2021/22. This translates to 20 wte PCSOs in addition to the 101 wte already funded by the Welsh Government. The 2022/23 funding amount for the entire 121 wte is estimated to be £4.556m. The Commissioner's and Chief Constable's commitment for a further 10 PCSOs brings the total number of PCSOs funded in Gwent to 172 wte for 2022/23.

The Final Settlement appears very welcome in the headline investment figures. However, with the vast majority of the increase in Central Government Grant Funding in 2022/23 ringfenced specifically for delivering a set number of new Police Officer posts and their associated consequential costs, the remaining Central Government Grant Funding only goes part way towards meeting national policy decision such as the NI increase and the shortfall in pension funding. Therefore, remedying previous real-term disinvestment in the Service by Government and meeting future everyday pressures such as pay awards and inflation; new service pressures to tackle more complex crime; and unavoidable cost increases falls to realising cashable efficiency savings elsewhere or the Council Tax Precept. In March 2022, at the conclusion of the 2022/23 budget setting round and after delivering a further £1.021m of savings along with further reserve movements, the MTFP presented a balanced budget for the 2022/23 financial year.

Over the five-year period of the MTFP, there were additional local uncertainties, including the future growth in national ICT infrastructure costs; the policing impact of the International Convention Centre for Wales at the Celtic Manor Resort; and the funding of the Police Education Qualifications Framework. After reflecting the 2022/23 Final Settlement; the estimated impact of CSR 2021; Brexit and the Police Funding Formula review; and further funding pressures, the recurring funding deficit for 2026/27 was forecast to be £13.670m. Further savings had therefore been targeted, resulting in a net funding deficit after efficiencies of £9.341m by 2026/27.

At this time, the pressures and service developments recognised were consistent with those identified within local, regional and national priorities. The Force needs to continue positioning itself to deliver the Commissioner's Police and Crime Plan 2021 -2025; the Government's Beating Crime Plan; and the Policing Vision 2025 - all to the backdrop of financial constraints; increasing unavoidable service pressures; Policing more complex crime types; and Policing in the digital age.

It is clear that, at the precise moment when policing felt it was free of the last ten years of austerity and that investment in policing was back on the table, a significant period of financial uncertainty now awaits Gwent Police. However, Gwent Police has a strong track record of operating within funding constraints and will therefore continue to manage reductions in real term funding from the Government and public of Gwent, throughout the period of the MTFP. The Commissioner and Chief Constable will remain focused on delivering a new generation of savings schemes and maintaining a detailed schedule of planned work to review functions and departments; balanced against the operational policing needs of Gwent.

Signed:

Nigel Stephens CIPFA
Assistant Chief Officer - Resources

Independent Auditor's Report

The independent auditor's report of the Auditor General for Wales to Chief Constable for Gwent

Opinion on financial statements

I have audited the financial statements of:

- Chief Constable of Gwent Police; and
- Gwent Police Pension Fund

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

The Chief Constable for Gwent Police financial statements comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet and the related notes, including a summary of significant accounting policies.

Gwent Police Pension Fund's financial statements comprise the Fund Account and the Net Assets Statement and related notes.

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

In my opinion the financial statements:

- give a true and fair view of the financial position of Chief Constable of Gwent Police and the Gwent Police Pension Fund as at 31 March 2022 and of its 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 2021-22.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the [council [and its group]] in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Chief Constable for Gwent Police ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

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

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

Matters on which I report by exception

In the light of the knowledge and understanding of the Chief Constable of Gwent Police and the Gwent Police Pension Fund and its

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

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

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

Responsibilities

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 9 the responsible financial officer is responsible for the preparation of the statement of accounts, including the Gwent Police Pension Fund 's financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

My procedures included the following:

- enquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to the Chief Constable of Gwent Police and the Gwent Police Pension Fund policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and bias when calculating accounting estimates; and
- obtaining an understanding of the Chief Constable of Gwent Police's framework of authority as well as other legal and regulatory frameworks that the Chief Constable of Gwent Police operates 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 Chief Constable of Gwent Police

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 and the Joint Audit Committee 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; and
- I also communicated relevant identified laws and regulations and potential fraud risks to all 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 Chief Constable of Gwent Police and the Gwent Police Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

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

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Chief Constable of Gwent Police and the Gwent 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
Date:

24 Cathedral Road
Cardiff
CF11 9LJ

The maintenance and integrity of the Chief Constable for Gwent Police website is their 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.

Statement of Responsibilities

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

The Chief Constable's Responsibilities

The Chief Constable is required to:

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

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

Signed:

Pamela Kelly
Chief Constable for Gwent
Date:

The Assistant Chief Officer – Resources' Responsibilities

The Assistant Chief Officer – Resources is responsible for the preparation of the Statement of Accounts which, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain (The Code of Practice).

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

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

The Assistant Chief Officer – Resources has also:

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

I certify that the Statement of Accounts, present a true and fair financial position of the Chief Constable at 31st March 2022 and the income and expenditure for the period then ended.

Signed:
(by Responsible Financial Officer)

Signed:
(prior to the approval of the Chief Constable)

Nigel Stephens CPFA
Assistant Chief Officer - Resources
Date: 31st May 2022

Nigel Stephens CPFA
Assistant Chief Officer - Resources
Date:

Joint Annual Governance Statement of the Police and Crime Commissioner for Gwent and the Chief Constable for Gwent

INTRODUCTION

The purpose of this Annual Governance Statement (Statement) is to explain how the Police and Crime Commissioner (Commissioner) and the Chief Constable of Gwent have complied with their joint Manual of Corporate Governance (MoCG) during 2021/22 and in particular, the Code of Corporate Governance therein.

To this end, the Statement is written in two parts. Part one describes the governance arrangements in place during 2021/22. Part two reports on the review of the effectiveness and the outcomes of these arrangements.

This Statement assesses the governance arrangements in place during the 2021/22 financial year, so the entirety of the assessment period will be considered alongside the Coronavirus pandemic. Furthermore, the conclusion of the Statement, on whether or not the governance arrangements are fit for purpose, should generally reflect normal operations. However, as the Statement must be current at the time of its publication (normally the 31st July but this may be delayed as a result of any reoccurring implications of the Coronavirus pandemic), any impact on the Governance arrangements from the 1st April 2022 up to the publication date will be reflected.

PART ONE

SCOPE OF RESPONSIBILITIES

The Commissioner and Chief Constable's governance arrangements are designed to ensure appropriate accountability and to assist effective leadership. The Police Reform and Social Responsibility Act 2011 created two separate 'corporations sole' within each police force area: the Commissioner and the Chief Constable. They each have clear and separate roles and responsibilities set out in statute.

The core statutory functions of the Commissioner for Gwent Police are to secure the maintenance of the police force; ensure that the force is efficient and effective; and hold the Chief Constable to account for the exercise of her functions and the functions of persons under her direction and control. The Commissioner also has:

- Responsibility for the delivery of community safety and crime reduction;
- The ability to make crime and disorder reduction grants within the force area;
- A duty to ensure that all collaboration agreements with other Commissioners and forces deliver better value for money or enhance the effectiveness of policing capabilities and resilience; and
- A wider responsibility for the enhancement of the delivery of criminal justice locally.

Overarching these functions is a responsibility for ensuring business is conducted in accordance with the law and proper standards; that public money is safeguarded and properly accounted for; and that it is used economically, efficiently and effectively.

The operational independence of the Chief Constable is protected in legislation. She has a statutory responsibility for the control, direction and delivery of operational policing services provided by the Force. The Chief Constable is responsible for ensuring that police powers are exercised in accordance with the law and proper standards and is accountable to the Commissioner for the delivery of efficient and effective policing; management of resources; and expenditure by the police force.

In discharging their overall responsibility, the Commissioner and Chief Constable are also responsible for putting in place proper arrangements for the governance of affairs and facilitating the exercise of their functions. This includes ensuring a sound system of internal control is maintained throughout the year and that arrangements are in place for the management of risk.

The financial management arrangements conform principally with the governance requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) *Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and Chief Financial Officer of the Chief Constable* and the Home Office *Financial Management Code of Practice for the Police Service of England and Wales* (new version issued in July 2018). Revised guidance for 'Delivering Good Governance' for Policing Bodies was also published by CIPFA in July 2016, which has been supplemented by CIPFA guidance in February 2021 on the 'Application of the Good Governance Framework 2020/21', in response to the continuing impact of the Coronavirus pandemic on governance. Furthermore, CIPFA's Financial Management Code (FM Code) provides guidance for good and sustainable financial management in Local Authorities (including police) and will provide assurance that authorities are managing resources effectively. The first full year of compliance with the FM Code was 2021/22, but the Commissioner and Chief Constable recognised that their organisations would need time to reflect on the contents of the FM Code and therefore used 2020/21 to demonstrate how they are working towards compliance. Existing and future financial management governance arrangements have therefore been taken into account, both in reviewing our governance arrangements and in preparing this Statement.

This Statement meets the requirements of the Accounts and Audit (Wales) Regulations 2014 in relation to the publication of a Statement which must accompany the Statement of Accounts.

This is the fourth time that the Commissioner and Chief Constable have jointly produced a single Statement. Much of the governance framework is shared, but this Statement highlights the few areas where governance arrangements necessarily differ with no adverse impacts on overall effectiveness.

PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, culture and values that the Commissioner and Chief Constable use to direct and control their activities, and to engage with and be accountable to the community. The framework enables them to influence and monitor the achievement of strategic Policing and Crime Reduction objectives and to consider whether those objectives have delivered the Police and Crime Plan in an efficient and effective manner.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to:

- Identify and prioritise the risks to the achievement of policies, aims and objectives;
- Evaluate the likelihood of those risks being realised and the impact should they be realised; and
- Manage risks effectively, efficiently and economically.

The findings of the review of the system of internal control are reviewed by the Commissioner and the Chief Constable and independently reviewed by the Joint Audit Committee (JAC).

The Commissioner and the Chief Constable will formally approve any changes to the MoCG and framework on an annual basis as part of the governance review.

PRINCIPLES OF GOOD GOVERNANCE

The Policing Protocol Order 2011 (changes to which are currently out for consultation) requires the Commissioner and the Chief Constable to adopt and abide by the Nolan Principles for Conduct in Public Life. It also highlights the expectation that the relationship between all parties will be based upon the principles of goodwill, professionalism, openness and trust.

This is reflected in the Principles of Relationship document agreed by the Commissioner and the Chief Constable, which forms part of their MoCG.

The MoCG is also consistent with the seven core principles of good governance, set out in the International Framework for Good Governance in the Public Sector¹:

1. *Behave with integrity, demonstrating strong commitment to ethical values and respecting the rule of law;*
2. *Ensure openness and comprehensive stakeholder engagement;*
3. *Define outcomes in terms of sustainable economic, social and environmental benefits;*
4. *Determine the interventions necessary to optimise the achievement of the intended outcomes;*
5. *Develop the entity's capacity, including the capability of its leadership and the individuals within it;*
6. *Manage risks and performance through robust internal control and strong public financial management; and*
7. *Implement good practices in transparency, reporting and audit to deliver effective accountability.*

The Code of Ethics issued by the College of Policing introduced two additional principles to the seven Nolan principles: Fairness and Respect (see the 'extended' Nolan Principles as set out below).

The Nolan Principles refer to Leadership in terms of promoting and supporting the principles of Conduct in Public Life, but the Commissioner and the Chief Constable are explicitly committed to providing a robust, timely and caring response to events that affect the public and our communities. This is reflected in a clear statement in the Police and Crime Plan for 2011 - 2025 "Making Gwent a Safer Place to Live and Work", the priority given to keeping neighbourhoods safe; to combatting serious crime; supporting victims and protecting the vulnerable; and to working with local partner agencies in the public interest.

¹ International Framework: Good Governance in the Public Sector (CIPFA/IFAC 2014)

Selflessness: Decisions will be taken solely in terms of the public interest, and not for personal financial or other gain, whether for such person, their family or their friends.

Integrity: The Commissioner, the Chief Constable, their officers and staff will not place themselves under any financial or other obligation to outside individuals or organisations that may seek to influence them in the performance of their official duties.

Objectivity: In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, the Commissioner, the Chief Constable, their officers and staff will make choices on merit.

Accountability: The Commissioner, the Chief Constable, their officers and staff will be accountable for their decisions and actions to the public and will submit themselves to whatever scrutiny is appropriate.

Openness: The Commissioner, the Chief Constable, their officers and staff will be as open as possible about all decisions and action they take. Reasons for decisions will be made available and information will be restricted only when so required by the wider public interest.

Honesty: The Commissioner, the Chief Constable, their officers and staff will have a duty to declare any private interests relating to public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership: The Commissioner, the Chief Constable, their officers and staff will promote and support these principles through leadership and by example.

Fairness: The Commissioner, Chief Constable, their officers and staff will act with fairness and impartiality.

Respect: The Commissioner, Chief Constable, their officers and staff will act with self-control and tolerance, treating members of the public and colleagues with respect and courtesy.

GOVERNANCE ARRANGEMENTS

This governance framework aims to provide a strong focus on the drivers for policing within Gwent Police, and to ensure that there is a clear 'line of sight' between decisions taken and the Police and Crime Plan. The key elements of the framework are:

Manual of Corporate Governance

The Commissioner and the Chief Constable have in place a joint MoCG. The MoCG includes a Scheme of Delegation, Financial Regulations, the Principles of Relationships and Standing Orders relating to contracts. It also includes a decision-making framework which ensures that, where possible, all the Commissioner's decisions are published and available for public scrutiny.

Principles of Relationships

This document recognises the Chief Constable's operational responsibilities, within the policy and accountability framework set by the Commissioner. The Principles enable the Commissioner to pursue his policy intentions through the operational plans for the Force and the accountability of the Chief Constable for their delivery. Notwithstanding their formal 'corporations sole' status, the relationship between the Commissioner and the Chief Constable is based on working together for the benefit of the people of Gwent under the joint banner of 'Gwent Police'.

The Principles also specify that the relationship between the Commissioner and Chief Constable will be built on trust, confidence and transparency. The governance arrangements adopted are consistent with the need to ensure accountability both between the parties and also accountability to the public. A transparent and auditable approach has been adopted which remained valid in 2021/22.

Board Assurance Framework

The development of a Board Assurance Framework (BAF) was first recommended by Internal Audit in 2017, in order to highlight the impact of organisational risks on the delivery of the Police and Crime Plan objectives and to explain how these risks could be mitigated.

Following extensive research across public bodies and considering further findings from Internal Audit reviews, work started to establish how a BAF could be developed to support the Office of the Police and Crime Commissioner for Gwent (OPCC), the Force and also provide reassurance to the JAC. As an initial design, it was agreed that the BAF would consider the discharge of statutory functions and determine whether or not these were being met.

The BAF therefore considers the statutory functions of both the Commissioner and Chief Constable contained within the MoCG's Scheme of Delegation, which highlights areas of responsibilities for senior officers of both organisations and also areas from the forward work plan for both the Strategy and Performance Board (SPB)² and JAC.

The completed BAF was presented to the JAC in March 2021 and comments received which will continue to drive the evolution of the BAF. The BAF's current and future action plan will be monitored annually by the JAC, to provide reassurance that any material gaps and risks identified in respect of a failure to discharge statutory duties are being addressed. Internal governance arrangements have been agreed and the action plan will be monitored on a quarterly basis at the Strategic Planning Group. A Single Point of Contact (SPOC) has also been appointed for both the OPCC's and the Force's actions, to ensure the BAF is updated and to ensure progress is made in between meetings. It is currently proposed that the overall BAF document is reviewed every four years following a Commissioner election, to determine whether any new areas of risk have been identified.

FM Code

As highlighted above, in October 2019 CIPFA published its FM Code. The FM Code is designed to support good practice in financial management and to assist Local Authorities (and other designated bodies such as Policing) in demonstrating their financial sustainability. The FM Code therefore for the first time sets the standards of financial management for a number of public bodies.

A key goal of the FM Code is to improve the financial resilience of organisations, by embedding enhanced standards of financial management. Inevitably, the impact of the Coronavirus pandemic has tested that financial resilience since 2020/21 and may continue to do so in coming years. For this reason, the implementation of the FM Code in the shadow year was a critical task. There are clear links between the FM Code and the Governance Framework, particularly with its focus on achieving sustainable outcomes.

For these reasons, the Statement for 2021/22 will include the overall conclusion of an assessment of Gwent Police's compliance with the principles of the FM Code. Where there are outstanding matters or areas for improvement, these will be included in the action plan at Part 2 of this Statement. The six Principles of the FM Code which will be assessed are:

1. *Organisational **Leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.*
2. ***Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.*
3. *Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.*
4. *Adherence to professional **standards** is promoted by the leadership team and is evidenced.*
5. *Sources of **assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.*
6. *The long-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.*

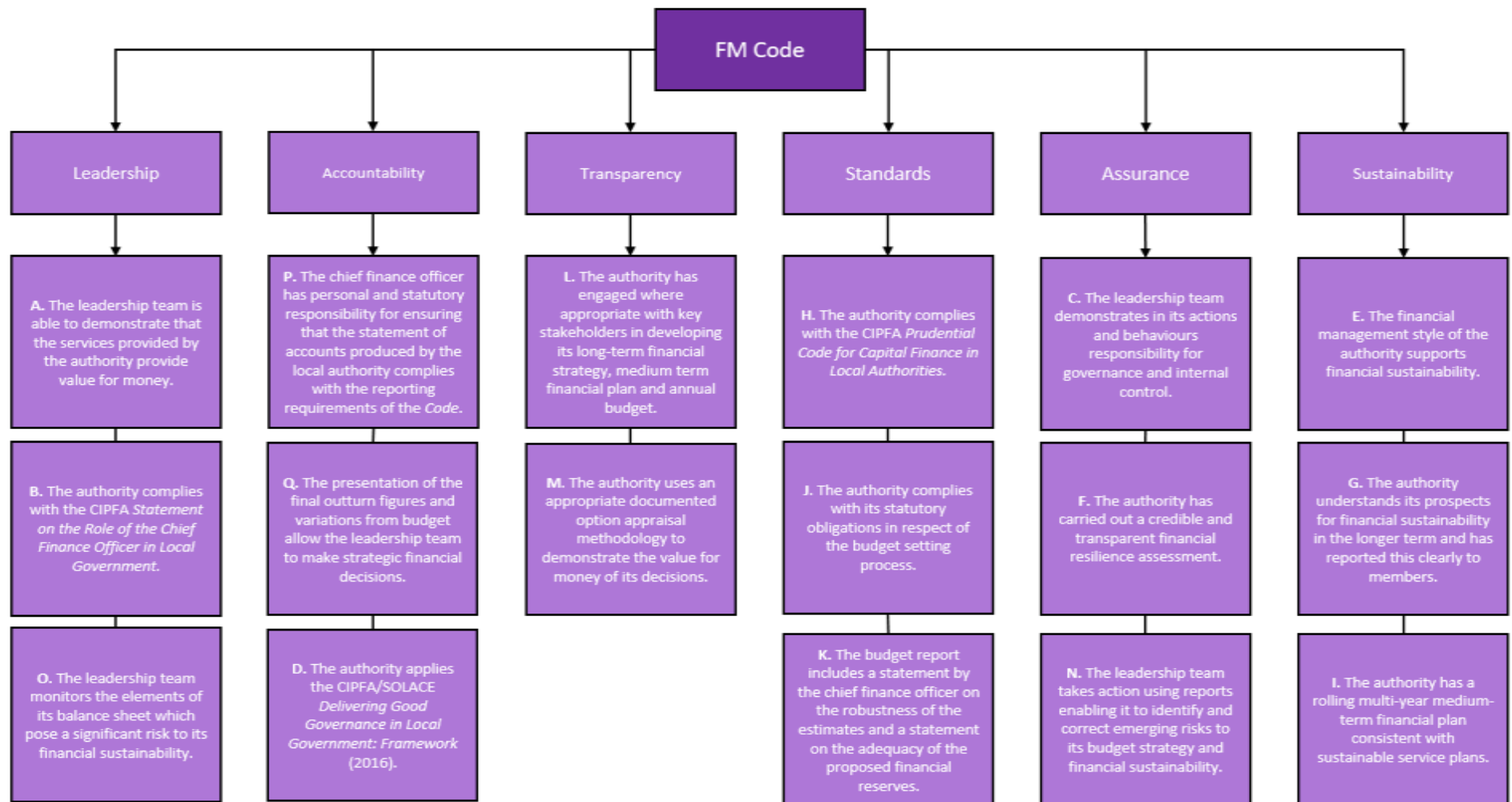
It is the duty of Gwent Police to adhere to the principles of financial management. To enable Gwent Police to test their conformity with the CIPFA Principles of Good Financial Management, the FM Code translates these principles into seventeen financial management standards across seven sections of the FM Code. These financial management standards will have different practical applications according to the different circumstances of each relevant public body.

Sections 1 and 2 of the FM Code (containing standards A to E) address important contextual factors, which need to be addressed in the first instance if sound financial management is to be possible. The first deals with the responsibilities of the Chief Finance Officer and leadership team, the second with the organisation's governance and financial management style.

The remaining Sections 3 to 7 (containing standards F to Q) address the requirements of the financial management cycle, with Section 3 stating the need for a long-term approach to the evaluation of financial sustainability. To make well informed decisions all these elements of the cycle need to be fit for purpose. The development of a high-quality long-term financial strategy will not itself achieve financial sustainability if, for example, the organisation's annual budget setting process (Section 4), stakeholder engagement and business cases (Section 5) and performance monitoring arrangements (Section 6) are inadequate. The cycle is completed by Section 7, which shows how high-quality financial reporting supports the financial management cycle, by ensuring that it rests on sound financial information.

² SPB is the decision-making forum for the Commissioner and is the primary forum at which the Commissioner will hold the Chief Constable to account.

The seventeen standards applied across the six principles are produce below:



Governance Framework

As reported in the 2018/19 Statement, a review was undertaken in 2018 and this concluded that the principles of collaboration (as set out in the Principles and in the MoCG) would be best reflected through the establishment of a new meeting and reporting structure for the Chief Constable, aligned to the delivery of the Police and Crime Plan, addressing both performance and delivery issues.

The Scrutiny Executive Board (chaired by the Deputy Chief Constable) feeds into the monthly Chief Officer Team meeting and ultimately into the quarterly SPB.

In addition, issues from the Joint Strategic Planning Group continue to be reported to both the Chief Officer Team meeting and to the Commissioner's SPB. These two Boards also collate recommendations from other internal meetings such as the JAC, Independent Ethics Committee and Estate Strategy Board.

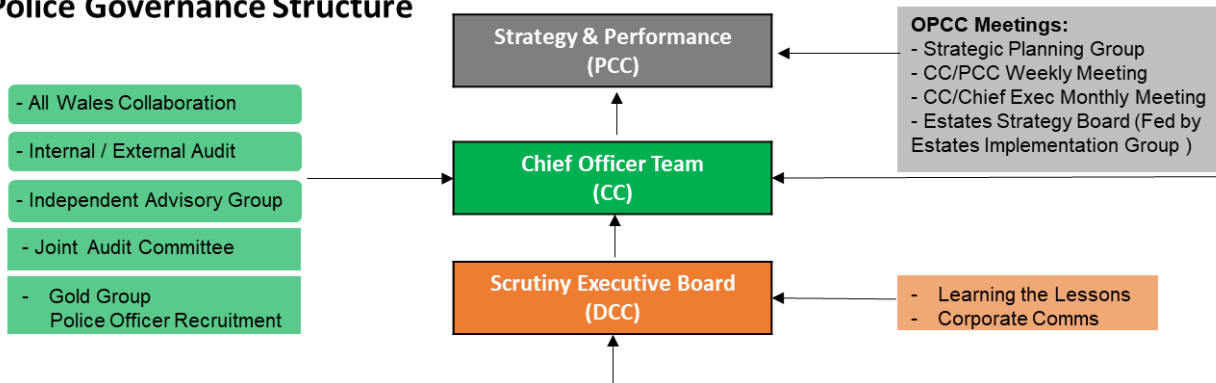
This governance meeting structure was further reviewed during 2018/19, 2019/20 and 2020/21 **2021/22?**, to make some further changes to the same and the diagram below sets out the revised meeting structure within the Force and between the OPCC. The diagram below however, which reflects normal operations, does not include the Coronavirus Gold/Silver command structure, which was stood up on the 18th of March 2020 to co-ordinate Gwent Police's response to the pandemic. The workings of this group and its successor group are explained more fully in Part Two.

The colour key to the diagram is as follows:

Green	Executive Boards;
Orange	Scrutiny Meeting;
Light Blue	Thematic Governance Boards;
Yellow	Departmental Meetings and sources of update that feed into Governance Boards; and
Grey	OPCC Meetings and independent Boards and bodies which impact the Governance Structure and contribute to the governance arrangements.



Gwent Police Governance Structure



Operational Performance (ACC)		Organisational Resources (ACO-R)		Victims (ACC)		People Strategy (HoPS)		Service Improvement (DCC)		Assurance Board – Quarterly (DCC)	
<ul style="list-style-type: none"> East LPA & West LPA Vulnerability FPOC & Crime Data Coercive Powers Scrutiny JSIU Hate Crime Custody Criminal Justice Crime Prevention SOC SPRG JFU Citizens in Policing Neighbourhood Policing on Engagement / Problem Solving CDI Working Group 	M M M Q Q Q M M Q M Q Q Q Q Q B	<ul style="list-style-type: none"> Uniform User Business Continuity Fleet Estates Implementation Group Shared Facilities Health & Safety Information Assurance ICT Data Performance 	Q Q B Q Q B M M B B Q B	<ul style="list-style-type: none"> Victims Care Working Group 	M	<ul style="list-style-type: none"> Workforce Resource Learning & Development Absence & Wellbeing Welsh Language Ethics Committee Op Hampshire 	M B M B Q Q Q Q	<ul style="list-style-type: none"> Project Management DSD Continuous Improvement Futures Group 	M Q B B	<ul style="list-style-type: none"> CDI Working Group 	B
		<ul style="list-style-type: none"> Procurement Joint Legal Services Information Assurance Greener Gwent Finance & Capital Strategy 	B B B Q B			<u>Closed session:</u> Intervention & Diversion : DCC HoPS H of PSD H of HR	Q				

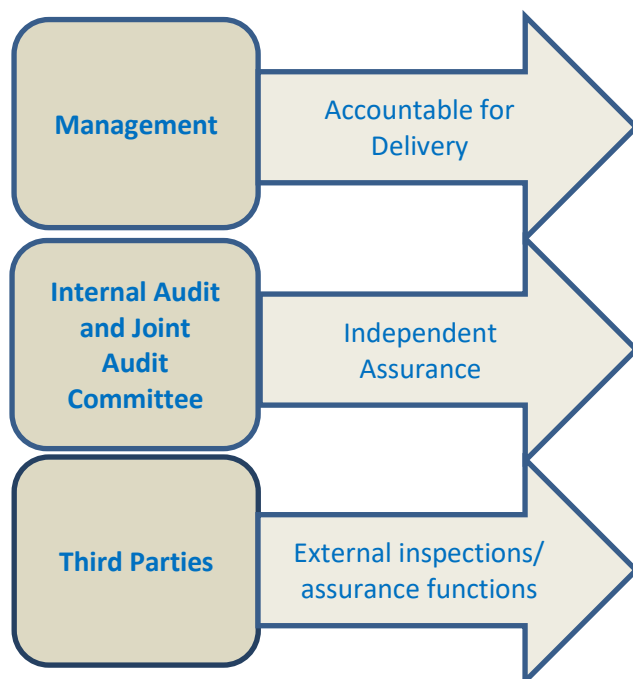
PART TWO

REVIEW OF EFFECTIVENESS

The Commissioner and Chief Constable have responsibility for conducting, at least annually, a review of the effectiveness of their respective governance framework including the system of internal control. The review of effectiveness is informed by:

- The work of Chief Officers and senior managers who have responsibility for the development and maintenance of the governance environment;
- The Internal Audit annual reports;
- The annual report of the JAC;
- The view of the external auditor through the annual audit letter; and
- Reports from other review inspectorates.

There are, accordingly, three principal lines of assurance methodology:



It is important to note that this Joint Statement and the work undertaken in its preparation, is a tool in the self-evaluation by the Commissioner and the Chief Constable of their governance arrangements.

The Statement is submitted for consideration to the Joint Strategic Planning Group and the JAC, before being approved at the Commissioner's SPB. Audit Wales (AW)³ also reviews the Statement during its development and reports (by exception), if the Statement does not comply with requirements, as part of their Audit Report.

The roles of the various bodies are detailed below:

Joint Audit Committee (JAC)

In conjunction with the Chief Constable, the Commissioner established an independent JAC which provides assurance to enhance public trust and confidence in the governance of the Commissioner and the Chief Constable.

This approach is consistent with the Financial Management Code of Practice which states that such a combined body should consider the internal and external audit reports of both the Commissioner and the Chief Constable. The JAC also considers reports from Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) in relation to the annual Value for Money Profiles and other relevant reports of a non-operational nature. The JAC advises the Commissioner and the Chief Constable according to good governance principles and provides:

- Independent assurance to the Commissioner and the Chief Constable regarding the adequacy of the risk management framework and the associated control environment;
- Independent scrutiny of the Chief Constable's and the Commissioner's financial performance; and

³ Audit Wales is the trademark of two legal entities; the Auditor General for Wales and the Wales Audit Office. The Auditor General audits and reports on Welsh public bodies; and The Wales Audit Office provides staff and other resources for the Auditor General's work, and monitors and advises the Auditor General.

- Oversight in relation to the financial reporting process adopted from the CIPFA Audit Committees Practical Guidance for Local Authorities.

The JAC provides comments, advice and assurance on matters relating to the internal control environment of the Force and the OPCC. It also has oversight of general governance matters. The JAC has specific responsibility to provide independent assurance on the arrangements for governance, including risk management and the internal control environment. During 2021/22, the JAC was composed of five individuals appointed by the Commissioner and the Chief Constable to act as independent advisers.

The JAC reports directly to the Commissioner and the Chief Constable. Four formal quarterly committee meetings are held each year in addition to an exceptional meeting to consider the Statement of Accounts and also two All-Wales Training Days for JAC members – one to receive formal training input and one informal to discuss related matters amongst the four Welsh JACs.

The JAC has formal terms of reference covering its core functions and these are also set out in the joint MoCG (which are both reviewed annually). These include reference to the JAC's role in respect of the corporate governance arrangements and in maintaining an overview of the regulatory framework. The JAC's terms of reference were reviewed and comprehensively revised during 2019/20 in response to the publication of CIPFA's 'Audit Committees: Practical Guidance for Local Authorities and Police 2018 Edition'. The Commissioner and Chief Constable are both represented at all meetings of the JAC.

The JAC Annual Report for 2021/22 confirmed that the JAC remains satisfied that the Commissioner and the Chief Constable can be assured that the control, risk and governance position for 2021/22 remained appropriate despite the significant challenges resulting from responding to the Coronavirus pandemic.

Independent Ethics Committee:

This was jointly established by the Commissioner and the Chief Constable in April 2015, following the introduction of the Code of Ethics by the College of Policing in 2014. It is comprised of a minimum of five independent members as well as a representative of the OPCC, Force's Chief Officer Team, police officers and police staff. The Independent Ethics Committee provides advice, support and assistance concerning ethical challenges arising from operational, administrative or organisational matters facing Gwent Police. The Code of Ethics has remained unchanged since 2014, however the College of Policing is currently consulting on an update to the Code of Ethics and members of Gwent Police Ethics Committee have shared their views with the College.

As noted in the action plan further in this Statement, the membership of this external Independent Ethics Committee was reviewed during 2020/21, which has since concluded. Linked to this review, the Chief Constable pledged to set up an internal Ethics Committee. In October 2021, the inaugural Internal Ethics Group meeting took place, recognising that the external Independent Ethics Committee itself has limited ability to impact the extent to which the wider workforce complies with and adheres to the Code of Ethics. The internal group is looking to bridge this gap. This group will be supported by a Delivery Plan to ensure the Aims and Objectives of the group are met. Furthermore.

Internal audit

Internal audit performs a range of reviews based on an agreed audit plan and in compliance with Public Sector Internal Audit Standards (PSIAS). The audit plan has regard to the Risk Register and recognises that key financial systems and other areas of wider business risk, need to be reviewed on a cyclical basis, to provide assurance with regard to internal controls and systems for governance. The plan is agreed by the Chief Finance Officers of both corporations sole and is presented to the JAC for comment.

Regulation 5 of the Accounts and Audit (Wales) Regulations 2014 makes provision in respect of the internal control system that should be maintained in accordance with proper internal audit practices. The responsibility for the maintenance of an efficient internal audit function rests with both corporations sole (the Commissioner and Chief Constable). The role and standards of Internal Audit are defined in the PSIAS. The PSIAS encompasses the definition of Internal Auditing, a Code of Ethics and the International Standards for the Professional Practice of Internal Auditing. Internal Audit is required to provide an assurance opinion on the adequacy and effectiveness of systems of internal control. They also provide assurance in relation to the management of financial and operational business risks, corporate governance and the entire control framework.

The review of both the corporate governance and risk management arrangements (which are captured in the joint Risk Register maintained by the Chief Constable and the Commissioner) periodically feature in the annual audit plan. Corporate governance and risk management issues may also arise through other reviews carried out by Internal Audit. In these cases the issues will be dealt with initially in the relevant audit report.

Internal Audit then present their reports on the adequacy of controls in the systems audited to the JAC, setting out any areas of concern. The JAC will then monitor the implementation of the audit recommendations, until fully completed.

Internal Audit Work During 2021/22

The internal audit work for the last year was risk based and focused on significant financial and operational risks. The incumbent internal audit service for the Commissioner and Chief Constable are TIAA, following their reappointment from 1st April 2019.

However, by virtue of the Commissioner and Chief Constable being members of the Shared Resource Services (SRS), for the delivery of Information Communication Technology (ICT) services, in collaboration with Torfaen County Borough Council (TCBC), Monmouthshire County Council (MCC), Blaenau Gwent County Borough Council (BGCBC) and Newport City Council (NCC), from May 2016, the TCBC internal audit service was selected to undertake the audit plan for the SRS. This was to ensure that a consistent audit approach was adopted across all constituent SRS partners and therefore TIAA were formally advised that they would no longer be expected to provide assurance to the JAC for the ICT services operated by Gwent Police. Progress on the delivery of the internal audit plan for ICT services is reported to the JAC alongside the audit plan delivered by TIAA. Such assurance will be provided by the TCBC internal audit function, to which the AW will refer to in considering the control framework for the ICT functions.

During 2020/21 TIAA undertook 22 audits (including 12 undertaken collaboratively across Welsh Forces) of which 10 were assessed as providing substantial assurance (7 in 2019/20), 12 with reasonable assurance (10 in 2019/20) and zero with limited assurance (2 in 2019/20).

HR Management – Wellbeing	Substantial
Counter Fraud – Procurement	Substantial
Capital Programme	Substantial
Vetting of Contractors (Collaborative)	Substantial
Strategic Resource Planning (Collaborative)	Substantial
Procurement – Strategic Lead (Collaborative)	Substantial
Budgetary Control (Collaborative)	Substantial
Early Action Together Programme (Collaborative)	Substantial
Creditors (Collaborative)	Substantial
Payroll (Collaborative)	Substantial
Estate Management - Strategy	Reasonable
Corporate Communications	Reasonable
Expenses and Additional Payments	Reasonable
Local Policing – Property and Cash (Visit 1)	Reasonable
Service Improvement Board Themes	Reasonable
Contract Management	Reasonable
Performance Management	Reasonable
Risk Management – Mitigating Controls (Collaborative)	Reasonable
Microsoft Office 365 (Collaborative)	Reasonable
Fleet Management – Fuel Usage (Collaborative)	Reasonable
General Ledger (Collaborative)	Reasonable
Debtors (Collaborative)	Reasonable

These reports generated 54 recommendations, of which zero were urgent, 26 were considered important and 28 were categorised as routine.

As part of the audit programme, the internal auditors also carried out 2 follow up audits to check progress against all Priority 1 and 2 Recommendations. These reports were discussed at the JAC.

1 audit has been deferred to 2021/22 at management's request (Local Policing – Property and Cash (Visit 2)).

TIAA's Annual Opinion was that they were satisfied that, for the areas reviewed during the year, the Office of the Police and Crime Commissioner for Gwent and the Chief Constable of Gwent Police have reasonable and effective risk management, control and governance processes in place.

During 2020/21 TCBC undertook 9 audits, which includes 1 deferred from 2018/19 (Cyber Security) and 1 deferred from 2019/20 (Back Office (renamed Business Management)). In addition, one audit originally planned to be undertaken in 2020/21 (IT Governance) was also deferred into quarter one of 2021/22, at management's request. The assessments of the 9 audits undertaken confirm that 7 were assessed as providing substantial assurance (5 in 2019/20), zero with moderate assurance (5 in 2019/20), zero with limited assurance (2 in 2019/20) and 2 were advisory with no assessment given.

Business Management	Substantial
Firewall	Substantial
Data Centre	Substantial
Enterprise Architecture Management	Substantial
CCTV/Control Room	Substantial
Software Asset Management	Substantial
Cyber Security	Substantial
Risk Management	Advisory
Information Security Management System	Advisory

These reports generated 33 recommendations, of which none were high, 25 were medium and 8 were categorised as low and confirms significant improvement on preceding years' audit performance

TCBC's Annual Opinion was that they were satisfied that sufficient internal audit work has been undertaken to allow an overall opinion to be given as to the adequacy and effectiveness of governance, risk management and control of the SRS's framework of governance. TCBC's Annual Opinion was satisfactory, recognising a continuing consolidation of the improvement from previous years.

This opinion is defined as:

- A limited number of medium risk rated weaknesses may have been identified, but generally only low risk rated weaknesses have been in individual assignments; and
- None of the individual assignment reports have an overall classification of either high or critical risk.

External Audit

The Public Audit (Wales) Act 2004 (as amended) appoints the Auditor General for Wales to audit the financial statements of the Commissioner and the Chief Constable. The Act also requires the Auditor General for Wales to assess whether the Commissioner and the Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources.

AW, on behalf of the Auditor General for Wales, audit the financial statements of the Commissioner and Chief Constable, as well as the Group accounts and also report (by exception) on the Joint Statement, if it does not comply with requirements.

AW in their annual audit report may also comment on the financial aspects of corporate governance. This includes the legality of financial transactions, financial standing, systems of internal financial control and the standards of financial conduct, fraud and corruption.

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

Both the Commissioner and the Chief Constable have a duty to respond to reports by the external auditor.

Other Bodies

The Welsh Government, Home Office and a number of other bodies require financial returns to monitor expenditure on revenue and capital. Strict terms and conditions are in place to govern additional external funding received from these bodies.

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

The role of the HMICFRS (which also has Fire Service responsibilities for England only) is to promote the economy, efficiency and effectiveness of policing in England, Wales and Northern Ireland, through inspection of police organisations and functions to ensure agreed standards are achieved and maintained; good practice is spread; and performance is improved. HMICFRS inspects the functions of the Chief Constable, not the Commissioner. It also provides advice and support to the tripartite partners (Home Secretary, Commissioners and Chief Constables).

HMICFRS is independent of the Commissioner, the Chief Constable and the United Kingdom and Welsh Governments. Its remit is to assess the work of police forces in different areas of business, including neighbourhood policing, serious and organised crime, anti-social behaviour and tackling major threats such as terrorism. HMICFRS also actively monitors the performance of the Force in relation to their plans for ensuring the sustainability of an efficient and effective police service in light of the significant grant reductions from recent Comprehensive Spending Reviews. To date, reports in this area of inspection have been positive and encouraging. Reports are published on the following website:

<https://www.justiceinspectorates.gov.uk/hmicfrs/>

HMICFRS reports are sent to the Chief Constable and the Commissioner for consideration and appropriate action. HMICFRS plays a key role in informing the Commissioner and the public on the efficiency and effectiveness of their forces and, in so doing, facilitates the accountability of the Commissioner to the public.

The Commissioner has a duty in law to respond to any HMICFRS report within 56 days of its publication with any response forwarded to the Home Secretary and HMICFRS. Responses should include an update on any actions the Force are/are not taking, in relation to any recommendations made within the report.

Inspection Work During 2021/22

HMICFRS's reports during 2021/22 supported the monitoring and development of many of the Force's priorities. They also produced a suite of value for money indicators (albeit later than usual due to the Coronavirus pandemic) to challenge areas of exceptional spend, demand and performance, in comparison with Gwent Police's most similar forces. The results of the benchmarks inform the Force's change programme.

PEEL Assessment by HMICFRS

During 2021/22, HMICFRS published their future activity on its assessments of police forces, which would allow members of the public to see how well its local force is performing. These are known as PEEL assessments (and examine **P**olice **E**ffectiveness, **E**fficiency and **L**egitimacy):

- **Effectiveness:** how well the force carries out its responsibilities, including cutting crime, protecting vulnerable people, tackling anti-social behaviour and dealing with emergencies and other calls for service;
- **Efficiency:** how well the force provides value for money; and
- **Legitimacy:** how well the force provides a service that is fair and treats people properly and within the law.

Gwent Police's next PEEL inspection / assessment has now been set for November 2022. This timeframe affords the opportunity to progress work against outstanding recommendations and areas for improvement as well as to address any areas that the Force has identified.

For context, the PEEL assessments that were given to Gwent Police from the 2019/20 programme of work are as follows:

- The extent to which the Force is **effective** at keeping people safe and reducing crime – Overall **Good**:
 - Preventing Crime and Tackling ASB – **Good**;
 - Investigating Crime – **Good**;
 - Protecting Vulnerable People – **Good**; and
 - Tackling SOC – **Good**.

- The extent to which the Force is **efficient** at keeping people safe and reducing crime – Overall **Good**:
 - Meeting Current Demands and Using Resources – **Good**; and
 - Planning for the Future – **Good**.
- The extent to which the force is **legitimate** at keeping people safe and reducing crime – Overall **Requires Improvement**:
 - Fair Treatment of the Public (Stop and Search) – **Requires Improvement**;
 - Ethical and Lawful Workforce – **Requires Improvement**; and
 - Fair Treatment of Workforce – **Good**.

In relation to the areas that 'Require Improvement', the Force recognises:

- The importance of working closely with communities, with Police Officers and Police Staff understanding how important it is to treat people with fairness and respect. However, it was acknowledged that frontline Police Officers and Police Staff varied in their knowledge of unconscious bias;
- That the workforce understands how and when to use 'Stop and Search', however, the monitoring of the use of 'Stop and Search' needs to improve;
- That more needs to be done to ensure that all members of the workforce are appropriately vetted for the posts they hold. In addition, the monitoring of people who apply for roles needs to be undertaken, to see if they belong to certain protected minority groups; and
- The need to improve how it spots and manages risk of corruption and to ensure it has enough people and resources to do this work.

HMICFRS also undertook a number of national/thematic reviews in 2021/22. Gwent were subject to:

- April 2021 – A joint thematic inspection of the criminal justice journey for individuals with mental health needs and disorders:
- The report was published in November 2021 and recommendations have been issued to all police forces. Gwent were commented on positively in the report with regard to the Mental Health and Learning Difficulties Criminal Justice group and mental health professionals and social workers in the control room.

Police and Crime Panel

The Police and Crime Panel (the Panel) is responsible for supporting the effective exercise of the functions of the Commissioner through reviewing or scrutinising decisions made, or other action taken, by the Commissioner in connection with the discharge of his functions

The Panel is not there to scrutinise the performance of the Chief Constable and her Force directly – that is the role of the Commissioner.

The Panel is made up of twelve local Councillors, representing the Local Authorities in Gwent, along with two independent members.

The responsibilities and powers of the panel include:

- Making reports and recommendations about actions and/or decisions of the Commissioner;
- Scrutinising the draft Police and Crime Plan;
- Summoning the Commissioner, and his staff, for public questioning;
- Scrutinising and potentially, by two-thirds majority, vetoing the police budget and council tax precept;
- Scrutinising and potentially, by two-thirds majority, vetoing the appointment of the Chief Constable;
- Holding confirmation hearings for the Commissioner's senior staff (including the Deputy Police and Crime Commissioner, the Chief Executive and the Chief Finance Officer); and
- Dealing with lower level complaints against the Commissioner.

The Panel's agendas and minutes are published on the following website:

<http://www.gwentpcp.org.uk/>

During 2021/22 the work of the Panel included consideration of the following:

- The progress on delivery of the Police and Crime Plan;
- The 2020/21 OPCC Annual Report;
- Scrutiny of OPCC evidence for monitoring Force Performance;
- Presentations on cyber-crime; policing powers; and Automatic Facial Recognition technology;
- Medium Term Financial Projections and the budget setting timetable;
- The Operational Context and Financial Strategy of the Chief Constable's budget bid
- Precept proposal 2022/23;
- Progress on the Estate Strategy;
- An update on the progress of the PCC Review;
- Strategic Equality Plan Annual Report; and
- Treasury Management Strategy;

There were 5 meetings of the Police and Crime Panel in 2021/22.

Coronavirus Command Structure

In addition to the various bodies and groups which are instrumental in Governance terms during normal operations, the Force prepared for Coronavirus by instigating a new, Force-wide Gold/Silver command structure prior to 'lockdown', on March 18th 2020.

A daily Gold meeting was established to manage the Force, chaired by the Assistant Chief Constable (ACC) and also two daily Silver meetings (chaired by a Chief Superintendent or police staff equivalent) were also set up to ensure continuity of Operational Policing and Business Support functions. Each of these meetings was attended by representatives from all operational and business support functions across the force, along with the Staff Associations and a representative from the OPCC. Gold and Silver meetings ran 7 days a week until the 15th of June 2020, whereupon, they transitioned into business as usual within the Force's operational Daily Management Meeting (DMM).

In April 2021, the Force moved from daily Gold meetings within DMM to a weekly meeting that addresses issues related to the Force's Covid response. It is attended by the same representatives as were when it was daily. The Force has also dedicated the Civil Contingencies Chief Inspector to its Covid Response. He is supported by staff from the Continuous Improvement and Force Planning Departments and liaises with the Local Policing Area (LPA) Response and Neighbourhood Leads.

From December 2020 the Force implemented a 'Covid Hub' to manage all queries on infection from Force Staff and to undertake internal Contact Tracing in order to identify and respond to workplace transmission of the virus. This was initially a team of seven staff drawn from across the Force on short-term attachments. Due to abstractions and competing demand this reduced to a team of four and a commensurate reduction in its capacity and capability. Following the acceptance of a proposal made in March 2021, for 2021/22 this team was increased to a Supervisor and seven staff who managed not only Contact Tracing, but also the new Force Testing Regime.

The National Police Coordination Centre (NPoCC) took control of National Personal Protective Equipment (PPE) supplies for policing and Gwent Police submits monthly stock figures and orders to the approved service supplier. As a result, the Force suspended local efforts to source PPE, which previously presented quality and supply chain issues.

The Force is conscious of the demands placed upon staff working from home for extended periods, particularly for those who have needed to shield. It has adopted an all-Wales risk assessment tool to ensure it provides the right level of support and advice to those who may be vulnerable. Once shielding ended, line managers undertook risk assessments to enable their staff to return to the working environment with confidence. The Force has improved its wellbeing offer to staff by approving a new staffing model with a dedicated Wellbeing Specialist and has recruited a Wellbeing Lead. Gwent Police now has a dedicated Wellbeing section on The Beat. The Force also has two Counsellors who have been reviewing and expanding the Counselling provision whilst linking in with the development of the Wellbeing Strategy.

Lessons Learned processes are in place, aligned to the College of Policing Guidance and NPCC (branded as 'Operation Talla'). There are established reporting lines in place and regular national meetings to provide a platform for discussion and regular links with police liaison in the Welsh Government, to ensure that lessons from all Forces are brought together. Any local lessons learned are registered within the Continuous Improvement Department and mitigating processes put in place. Standard Operating Procedures have been developed and are embedded to cover specific areas of policing such as the response to 'Covid Confirmed' calls for service, Test, Trace Protect (TTP) procedures for our own staff and the correct use of Personal Protective Equipment. The Civil Contingencies Chief Inspector, Health & Safety Lead, Occupational Health Manager and other key staff regular dial in to Regional and National meetings in order to capture best practice. Alongside the Strategic Coordination Group, Incident Management Teams and Tactical Coordination Groups there are also functional meetings such as the Police (Wales) TTP & Covid Working Group and The National PPE Group. The team is also working closely with specific Lessons Learned Forums such as the College of Policing Operational Learning Groups. These are workshops for all Forces in England and Wales which are thematic and relate to core areas of policing and how they have been affected by the pandemic. Contributors identify best practice and what has worked well for them and share information and documentation relating to these. The Civil Contingencies Chief Inspector is also a member of the 'Covid19 All Wales Organisational Learning Group' hosted by Dyfed Powys Police. This group reviews practices across the four Welsh Forces and allows members to bring forward local challenges and offers examples of good practice.

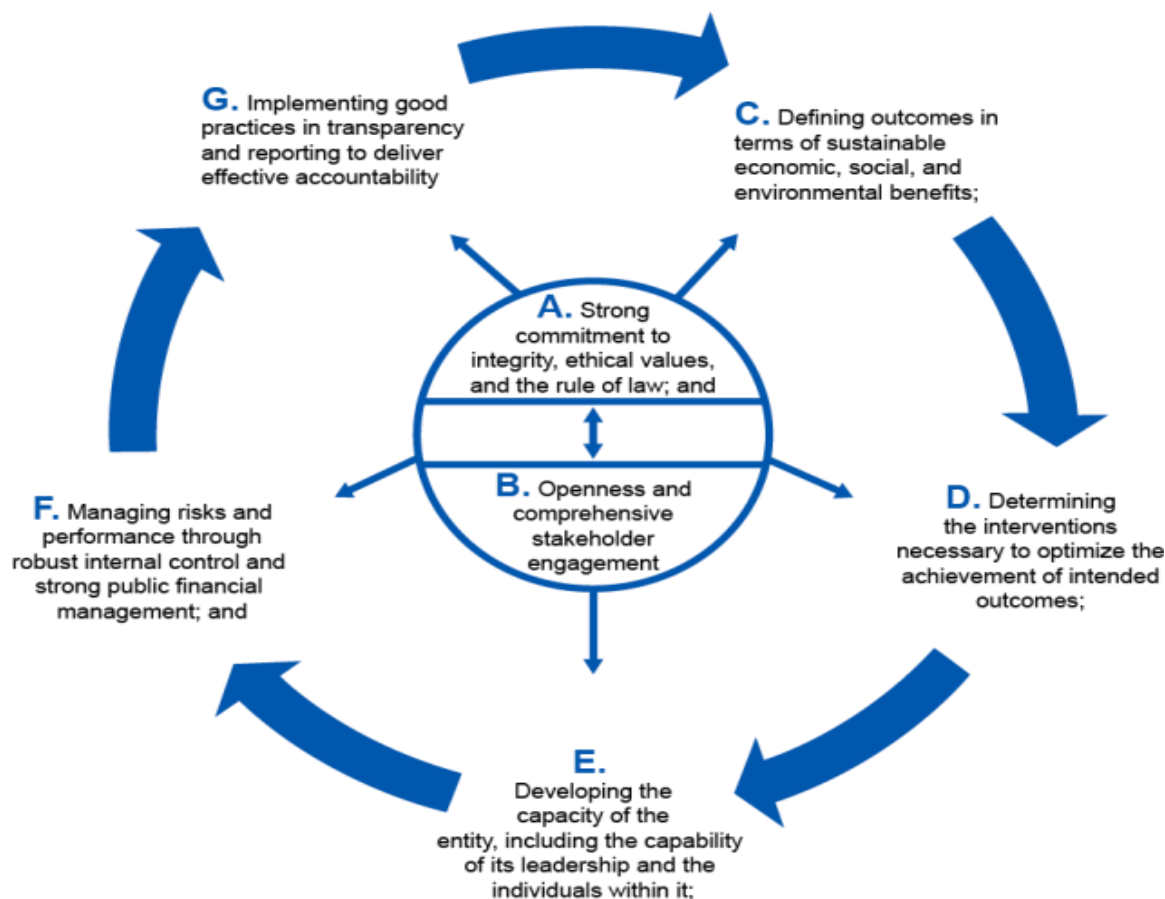
The Force is in the process of moving from Incident Management of the Pandemic to Recovery. Within the Local Resilience Forum (LRF) the Strategic Coordination Group chaired by a Gwent Police Chief Superintendent was stood down in April 2021. There is an LRF Recovery Group now in place, that meets Quarterly and is Chaired by the Newport City Council Chief Executive. Within Force, the Covid Gold Group still sits, chaired by a Chief Superintendent and is supplemented by a Recovery Coordination Group and Board. These will address longer term recovery issues for the Force and the communities of Gwent. The Recovery programme itself will also need to be able to mitigate against future increases in Covid cases. Throughout the pandemic the four Welsh Forces held Weekly 'All Wales Gold' Meetings between the Four Organisational Gold Commanders (represented by Chief Superintendent Mark Hobrough for Gwent) and the Police Liaison Unit at the Welsh Government. This allowed the Forces to provide consistency of response across Wales and to identify and promulgate best practice. This mirrored the approach taken by Chief Officers across Wales and ensured that the particular structure of policing in Wales under a devolved Governmental system was considered alongside UK wide approaches to policing the pandemic. This meeting was stood down in May 2021 as Forces move towards a Recovery position, but Forces retain the ability for it to be stood up again in quick time if necessary. On a more tactical level, the Civil Contingencies Leads of the Four Welsh Forces (Represented by Chief Inspector Gwent) and the British Transport Police (BTP) Operational Lead for Wales, met fortnightly from May 2020. This group is entitled 'The Police (Wales) TTP & Covid Working Group'. The group allowed those dealing with the policies and procedures concerning Covid Demand, Covid Enforcement and Infection Prevention Control to learn from each other and provide support where appropriate. This meeting will continue as we move into a Recovery phase.

ANNUAL ASSESSMENT AND ACTION PLANS

Seven Core Principles of Good Governance

The diagram below shows the relationship between the seven core principles of good governance. The central two principles underpin the whole framework and relate to 'acting in the public interest'. These two principles are implicit in the remaining five which concern 'achieving good governance'.

Acting in the Public Interest at all Times



The assessment of effectiveness considered the range of evidence available: Internal and externally published material; professional independent opinion; and the views of senior management, the Police and Crime Panel and professional leads. A detailed assessment of the evidence in support of the assessment is maintained, with only the subsequent action plan produced in this Statement.

A summary of the 2021/22 assessment is shown below:

Good Governance Category		Assurance
Acting in the Public Interest	Behaving with Integrity & Ethics	TBC/Reasonable
	Openness & Engagement	TBC/Reasonable
Achieving Good Governance	Sustainable Outcomes	TBC/Reasonable
	Determine Interventions	TBC/Reasonable
	Capacity & Leadership	TBC/Reasonable
	Risks & Performance	TBC/Reasonable
	Transparency & Accountability	TBC/Reasonable

Assurance Definitions	
Substantial	All areas reviewed were found to have effective corporate processes and external requirements in place. Behaviours and outcomes were well evidenced and the risks against the achievement of objectives are well managed.
Reasonable	Most areas reviewed were found to have effective corporate processes and external requirements in place. Most behaviours and outcomes were well evidenced and in general, the risks against the achievement of objectives are well managed.
Partial	A number of areas reviewed were found not to have effective corporate processes and external requirements in place. Some behaviours and outcomes were well evidenced, but key risks against the achievement of objectives were not well managed.
None	A significant number of areas reviewed were found not to have effective corporate processes and external requirements in place. Behaviours and outcomes were not well evidenced and risks against the achievement of objectives were not well managed.

2021/22 Action Plan

No significant weaknesses were identified for 2021/22; and no further issues identified that have not already been captured in the 2020/21 Action Plan which continue to be addressed below. For completeness however, the following table identifies the data breaches experienced during 2021/22

Risks and Performance	<p>During 2021/22, the OPCC experienced no data breaches.</p> <p>The Force experienced 62 data breaches during 2020/21. None of the breaches were considered high risk; therefore there was no requirement for reporting any to the Information Commissioners Office (ICO) – e.g. data breaches are recorded for such things as losing an ID card, mobile phone or 'Body Worn Video' device.</p> <p>All 62 breaches were assessed and closed with suitable advice given and therefore none remain open.</p>	<p>Officers and staff will continue to be reminded of the importance of security of data and the wider requirements and implications of the General Data Protection Regulations (GDPR). There are mandatory National Centre for Applied Learning Technologies (NCALT) packages, the completion of which is monitored and promoted through the Information Assurance Board.</p> <p>Details of breaches, impact, mitigation and outcome are recorded and kept by the Record Review Officer (OPCC) and Data Protection Officer (Force) in line with Management of Police Information (MOPI) and GDPR.</p> <p>Appropriate advice is given to individuals or departments where applicable and escalated to the Professional Standards Department if necessary. The Data Incident report is monitored through the Information Assurance Board that details all data incidents reported to the Information Governance department from May 2018, when the EU GDPR came into force.</p>
------------------------------	---	---

Progress against 2020/21 Action Plan

Category	Risk Area/Weakness	Action to be Delivered in 2021/22 and Beyond
Behaving with Integrity and Ethics.	<p>Agendas for formal OPCC meetings need to state that attendees ensure decisions and discussions at the meeting support and respect:</p> <ul style="list-style-type: none"> • The OPCC values; • Our responsibilities under the Welsh Language Standards; • Equality, Diversity and Inclusion; and • The principles of the Code of Ethics: Accountability, Integrity, Openness, Fairness, Leadership, Respect, Honesty, Objectivity and Selflessness. 	<p>This will be implemented from 1st June 2021.</p> <p>2021/22 Update: Complete – agendas for all formal OPCC meetings carry these statements.</p>
Behaving with Integrity and Ethics.	OPCC Personal Development Review process to record evidence of values and ethical behaviour.	<p>This will be implemented for Quarter 1 2021/22 PDR process.</p> <p>2021/22 Update: Complete – the OPCC Personal Development Review process now records this evidence.</p>
Determine Interventions.	Further work required to demonstrate evidence that budgets, service plans and objectives are aligned	<p>The annual budget setting process adopts a 'bottom up' approach, with individual Department/ Workstream requirements aligned to the strategic needs of the organisation; strategic risks; and national requirements.</p> <p>Furthermore, the Finance Department play a key role in the compilation of the Force Management Statement.</p> <p>In terms of short-term co-ordinated planning, Departmental/Workstream business plans will be developed during 2021/22, which will be incorporated in the 2022/23 budget setting round and Force Management Statement.</p> <p>2021/22 Update: Ongoing – The pilots on Departmental Plans for Finance and People Services are currently being evaluated by the Continuous Improvement Department. Improvements on the process will be incorporated in further pilots/roll-out during 2022/23 for the 2023/24 budget setting round.</p>
Determine Interventions.	Continue to develop exit and decommissioning strategies to evidence the resultant changes.	<p>During 2020/21, the Commissioner revised his Commissioning Strategy and Framework, which considers in depth the approach to decommissioning services. It is expected that during 2021/22 this updated approach will confirm the impact of decommissioning decisions.</p> <p>2021/22 Update:</p>

OFFICIAL SWYDDOGOL

		Complete – new Commissioning Strategy and Framework in place and embedded. Successful decommissioning of a project undertaken during 2021/22.
Risks and Performance	On the 23 rd March 2021 there was a Treasury Management Strategy breach in the value maintained in the Commissioner's current bank account. This was the fault of a counterparty, who did not repay a £3m loan on the day it was due. The counterparty admitted its liability and settled the overdraft fees for this breach.	<p>Officers within the Finance Department have reminded the counterparty of the need for timely repayment; and Officers will also be more proactive in contacting counterparties if funds have not been repaid by 10:00 a.m. on the day due.</p> <p>Furthermore, a wider Finance Department workshop will address a number of Treasury Management processes to ensure that they are robust.</p> <p>2021/22 Update: Complete – in relation to this specific event, all the above actions have been undertaken. However, the same counterparty caused a similar situation in March 2022, so a new action has been identified in the 2021/22 action plan above.</p>
Risks and Performance	<p>During 2020/21, the OPCC experienced no data breaches.</p> <p>The Force experienced 61 data breaches during 2020/21. None of the breaches were considered high risk; therefore there was no requirement for reporting any to the Information Commissioners Office (ICO) – e.g. data breaches are recorded for such things as losing an ID card, mobile phone or 'Body Worn Video' device. All 61 breaches were assessed and closed with suitable advice given and therefore none remain open.</p>	<p>Officers and staff will continue to be reminded of the importance of security of data and the wider requirements and implications of the General Data Protection Regulations (GDPR). There are mandatory National Centre for Applied Learning Technologies (NCALT) packages, the completion of which is monitored and promoted through the Information Assurance Board.</p> <p>Details of breaches, impact, mitigation and outcome are recorded and kept by the Record Review Officer (OPCC) and Data Protection Officer (Force) in line with Management of Police Information (MOPI) and GDPR.</p> <p>2021/22 Update: Complete – There are no incidents that remain open. Appropriate advice is given to individuals or departments where applicable and escalated to the Professional Standards Department if necessary. The Data Incident report is monitored through the Information Assurance Board that details all data incidents reported to the Information Governance department from May 2018, when the EU GDPR came into force.</p>
Risks and Performance	Continue to improve benefits realisation plans and monitoring reporting	<p>The Force has appointed a Benefits Realisation Officer whose aim is to improve the targeting, reporting, monitoring and delivery of benefits realisation.</p> <p>2021/22 Update: Complete - During the year, the Benefits Strategy has been updated and approved through internal governance boards. The key change this year, has been the</p>

OFFICIAL SWYDDOGOL

		development of the Productivity and Efficiency Meeting which pre-screens benefits analysis (including in Business Cases and Post Implementation Reviews) before final submission to the Service Improvement Board. This additional level of scrutiny has improved the identification, baselining, monitoring and realisation of benefits and raised the profile of the importance of delivering organisational benefits from change investments.
--	--	--

Progress against 2019/20 Action Plan

Category	Risk Area/Weakness	Action to be Delivered in 2020/21 and Beyond
Behaving with Integrity and Ethics; and Capacity and Leadership.	Need to establish the effectiveness of ethical awareness training and the degree it underpins organisational culture. (OPCC and Force)	<p>The Ethics Committee will be tasked with establishing the most appropriate mechanism to determine effectiveness. Its recommended approach will be delivered as an action plan throughout 2020/21.</p> <p>2020/21 Update: Ongoing - an internal Ethics Committee has been set up (chaired by the Chief Constable), which will complement the work of the external Ethics Committee (whose membership is currently under review). The remit of the new internal Ethics Committee will consider the effectiveness of ethical awareness training during 2021/22.</p> <p>2021/22 Update: Ongoing – Ethical Leadership training (and an assessment its effectiveness) will be rolled out during 2022/23.</p>
Behaving with Integrity and Ethics; Sustainable Outcomes; and Capacity and Leadership.	Need to ensure that whistleblowing policies are in place and working effectively. (OPCC and Force)	<p>The findings of the 2019/20 Internal Audit will be implemented.</p> <p>2020/21 Update: Ongoing - the 2019/20 Internal Report recommended a standalone Whistleblowing Policy which would also adopt additional steps to clarify if a concern raised should be treated as whistleblowing, or another form of complaint. The updated policy is currently being finalised by the Professional Standards Department and Joint Legal Services.</p> <p>2021/22 Update: Complete – Whistleblowing policies completed and published.</p>
Risks and Performance	<p>The effectiveness of business continuity planning needs to be assessed in light of the Coronavirus pandemic and the transition to the 'new norm'.</p> <p>At the 30th June 2020, the direct costs of £650k in responding to the pandemic since March 2020 have been:</p> <p>£433k - PPE Purchases; £71k – Testing;</p>	<p>Existing Internal Audit recommendations to be finalised on business continuity plan.</p> <p>The Business Support Silver group has been tasked with managing the recovery of Gwent Police. Each Department (including the OPCC) has been tasked with developing plans that will lead to:</p> <ul style="list-style-type: none"> • A resumption of business as usual;

OFFICIAL SWYDDOGOL

	<p>£62k - ICT Costs; £52k – Overtime; £19k - Estate Costs (incl. Cleaning and H&S measures; £9k - Fleet Costs; and £4k – Training Cancellations</p> <p>In July 2020, the Home Office confirmed that the costs of PPE will be reimbursed to Forces.</p> <p>It is expected that the above costs will also be partly offset from savings in other budget areas such as travel and subsistence, utilities etc, by virtue of lockdown restrictions.</p> <p>Looking longer term, both the Commissioner's Police and Crime Plan and Force's Delivery plan will need to reflect the changing world which will emerge post Coronavirus.</p> <p>(OPCC and Force)</p>	<ul style="list-style-type: none"> • Anticipating and planning for a new normal; • Delivering improved and transformed operating processes and procedures, building on lessons learnt and capturing and embedding good practice; and • An appreciation of the short-term, medium and long-term direct costs of Coronavirus to Gwent Police. <p>In addition, senior leaders in both the OPCC and the Force will undertake an assessment of the longer-term disruption and consequences arising from the Coronavirus pandemic, such as:</p> <ul style="list-style-type: none"> • The medium to long-term impact on Government Grant; Precept Income; expenditure projections; and access to borrowing; • The Impact on the Commissioner's Estate Strategy (the building of the new HQ development has been largely unaffected by the pandemic and its future use is also assured, based on currently expected changes to working practices); • The future reliance on ICT systems to support agile working; and • The impact on the People Strategy to reflect the fundamentally different working practices that have evolved as a result of the pandemic. <p>2020/21 Update: Ongoing - The Force and OPCC have successfully emerged from the first two waves of the Coronavirus pandemic. As highlighted above, in October 2020 HMICFRS undertook a Coronavirus pandemic inspection. Early feedback was very positive and Gwent Police awaits the final national report in response to the pandemic.</p> <p>2021/22 Update: Complete – The Force and OPCC's governance structures have evolved into recovery mode and new hybrid ways of working are delivering an effective policing service.</p>
--	--	---

Progress against 2018/19 Action Plan

Category	Risk Area/Weakness	Action to be Delivered in 2019/20 and Beyond
Behaving with Integrity and Ethics; Openness and Engagement; and Determine Interventions.	Clarity required over 'decision making' framework and procedures, including how evidence is collected that shared values guide decision making. (OPCC and Force)	<p>Decision Making framework and procedures to be considered.</p> <p>2019/20 Update: Partly Complete - OPCC away days have considered the purpose and values of the OPCC and also the Nolan principles. This has been supplemented by clarification of role profiles and portfolios for the Executive Team.</p>

OFFICIAL SWYDDOGOL

		<p>The revised meeting structure within the Force and between the OPCC will need time to 'bed in' to determine its effectiveness.</p> <p>2020/21 Update: Partly Complete - The revised meeting structure within the Force and between the OPCC is working effectively.</p> <p>Revisions to the governance arrangements for internal OPCC meetings have been reviewed and recommended changes will be adopted from Quarter 2 of 2021/22. In addition, the Agendas for formal OPCC meetings will now state that attendees ensure decisions and discussions at the meeting support the values of the OPCC.</p> <p>2021/22 Update: Complete – the new governance arrangements for internal OPCC meetings have been concluded.</p>
Behaving with Integrity and Ethics; Openness and Engagement; and Determine Interventions.	Protocols for Partnership working to be established; to include how values are embedded and evidenced. (OPCC and Force)	<p>Partnership working protocols to be developed.</p> <p>2019/20 Update: Ongoing – Formal protocols yet to be established. Carry forward to 2020/21 Action Plan.</p> <p>2020/21 Update: Ongoing – a number of existing partnership arrangements (such as S22a Agreements, Memorandum of Understanding, Information Sharing Agreement) include such protocols. Current and future arrangements will be reviewed to ensure consistency and completeness in approach. Furthermore, in line with the development of the OPCC meeting's agenda to address values and ethics, this will be expanded to encompass partnership meetings too.</p> <p>2021/22 Update: Complete – the new governance arrangements for internal OPCC meetings have been concluded and the protocols for partnership working embedded.</p>
Determine Interventions.	Business Plans do not demonstrate consideration of 'Social Value'. (OPCC and Force)	<p>Consideration should be given to embedding the concept of 'Social Value' across the OPCC and Force.</p> <p>2019/20 Update: Ongoing – Both the Commissioning Framework and Procurement Strategy consider the wider social elements and provide the main general commitment to social value. In addition Gwent Police has signed up to the Welsh Government Code of Practice on ethical supply chains. Further embedding of this concept could be through the development of a Social Value Policy. Carry forward to 2020/21 Action Plan.</p> <p>2020/21 Update:</p>

OFFICIAL SWYDDOGOL

		<p>Ongoing - this requirement will be included in both the business planning process and benefits realisation strategy, which are being developed during 2021/22.</p> <p>2021/22 Update: Complete – Social Value workshops held across both the Force and OPCC and Social Value is now built into the Commissioning Framework and Tender evaluation scoring.</p>
--	--	---

FM Code

In the development of the FM Code, CIPFA has considered its ambition; the timescale for implementation; and the wider resource challenges facing relevant public bodies in light of the Coronavirus pandemic. Consequently, CIPFA considered that the implementation date of April 2020 for the FM Code should indicate the commencement of a shadow year and that by 31st March 2021, relevant public bodies (including Gwent Police) should be able to demonstrate that they are working towards full implementation of the FM Code. The first full year of compliance with the FM Code will therefore be 2021/22.

As Gwent Police needed to apply the requirements of the FM Code with effect from 1st April 2020, the 2020/21 budget setting process provided an opportunity for assessment of elements of the FM Code before April 2020 and provided a platform for good governance and financial management to be demonstrable throughout 2020/21.

The expectation of the FM Code is that relevant public bodies will have to comply with all the financial management standards, if they are to demonstrate compliance with the FM Code. It is important to note however, that whilst compliance with the CIPFA financial management standards is obligatory, the FM Code is not prescriptive about how this is achieved. This is important as CIPFA recognises that policing has in some respects, different practices from other public bodies such as Local Authorities. It must also be noted that compliance with FM Code has not been subject to audit by AW.

Following the first full year of compliance, Gwent Police's 2021/22 assessment against the FM Code's financial management standards is detailed below. A detailed assessment of the evidence in support of the assessment is maintained, with only the subsequent action plan produced in this Statement.

FM Code Sections and Standards		Principle	Assurance
The Responsibilities of the Chief Finance Officer and Leadership Team	The leadership team is able to demonstrate that the services provided by the authority provide value for money.	Leadership	Reasonable
	The authority complies with the CIPFA <i>Statement on the Role of the Chief Finance Officer in Local Government</i> .	Leadership	Substantial
Governance and financial management style	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.	Assurance	Substantial
	The authority applies the CIPFA/SOLACE <i>Delivering Good Governance in Local Government: Framework</i> (2016).	Accountability	Substantial
	The financial management style of the authority supports financial sustainability.	Sustainability	Reasonable
Long to medium-term financial management	The authority has carried out a credible and transparent financial resilience assessment.	Assurance	Partial
	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.	Sustainability	Substantial

OFFICIAL SWYDDOGOL

	The authority complies with the CIPFA <i>Prudential Code for Capital Finance in Local Authorities</i> .	Standards	Substantial
	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.	Sustainability	Reasonable
The annual budget	The authority complies with its statutory obligations in respect of the budget setting process.	Standards	Substantial
	The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.	Standards	Substantial
Stakeholder engagement and business plans	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.	Transparency	Substantial
	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	Transparency	Reasonable
Monitoring financial performance	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	Assurance	Reasonable
	The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability	Leadership	Substantial
External financial reporting	The Chief Finance Officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the <i>Code of Practice on Local Authority Accounting in the United Kingdom</i> .	Accountability	Substantial
	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.	Accountability	Substantial

OFFICIAL SWYDDOGOL

Assurance Definitions	
Substantial	All areas reviewed of the organisation's financial management arrangements were found to comply with the FM Code.
Reasonable	Most areas reviewed of the organisation's financial management arrangements were found to comply with the FM Code.
Partial	Most areas reviewed of the organisation's financial management arrangements were found not to comply with the FM Code.
None	All areas reviewed of the organisation's financial management arrangements were found not to comply with the FM Code.

2021/22 Action Plan

No significant weaknesses were identified for 2021/22; and no further issues identified that have not already been captured in the 2020/21 Action Plan which continue to be addressed below.

Progress against 2020/21 Action Plan

Category	Risk Area/Weakness	Action to be Delivered in 2021/22 and Beyond
The leadership team is able to demonstrate that the services provided by Gwent Police provide value for money.	Is Gwent Police able to demonstrate the action that it has taken to promote value for money and what it has achieved?	<p>Continue the need to document benefits and savings, particularly in relation to post implementation reviews and reporting to Service Improvement Board (SIB).</p> <p>Develop and incorporate more fully the links between the Force Management Statement, budget setting, people establishment and performance monitoring.</p> <p>Maintain the focus on making appropriate risk-based decisions on opportunities for savings through governance groups and Chief Officer Team meetings.</p> <p>2021/22 Update: Partly Complete - During the year, the Benefits Strategy has been updated and approved through internal governance boards. The key change this year, has been the development of the Productivity and Efficiency Meeting which pre-screens benefits analysis (including in Business Cases and Post Implementation Reviews) before final submission to the Service Improvement Board. This additional level of scrutiny has improved the identification, baselining, monitoring and realisation of benefits and raised the profile of the importance of delivering organisational benefits from change investments.</p> <p>Post Implementation Reviews have been focussed upon the changes coming from the 2020/2021 Operational Model and uplift investments. Benefits have been achieved from the implementation of Police Staff Investigators; 'We don't buy Crime' teams; Safeguarding Teams; developments in technology; and implementation of Microsoft Office 365.</p>

OFFICIAL SWYDDOGOL

		The full roll-out of Departmental Plans in 2022/23, which will better link the Force Management Statement; budget setting; people establishment and performance monitoring will complete this action.
The financial management style of Gwent Police supports financial sustainability.	Do managers across Gwent Police possess sufficient financial literacy to deliver services cost-effectively and to be held accountable for doing so?	<p>Development of financial management skills across the force through internal training and CIPFA's Achieving Financial Excellence in Policing phase 2 workshops.</p> <p>2021/22 Update: Ongoing - Training is provided based on needs assessment for individual officers/staff and departments. This can be for specific deployments, operations or grant projects. Further work is being scoped to incorporate financial training into existing development programmes for officers and staff. Finance business partners have been very active in the past 12 months to improve budget holders' understanding of their budgets, and monthly financial and overtime reporting.</p>
Gwent Police has carried out a credible and transparent financial resilience assessment.	<p>Has Gwent Police undertaken a Financial Resilience Assessment?</p> <p>Has the Assessment tested the resilience of Gwent Police's financial plans to a broad range of alternative scenarios?</p> <p>Has Gwent Police taken appropriate action to address any risks identified as part of the assessment?</p>	<p>The CIPFA Financial Resilience Assessment toolkit has not been extended to cover local policing bodies. The Financial Management sub group of the Achieving Financial Excellence in Policing is endeavouring to produce a tool kit but this has yet to be tested. A review will be undertaken as soon as the toolkit is ready.</p> <p>2021/22 Update: Ongoing - The CIPFA Financial Resilience Assessment toolkit has not been extended to cover local policing bodies, although a policing version is currently out for consultation. The Force has made use of the CIPFA data dashboards and data analytics platforms to review and understand the cost breakdown of business support functions. This built on the indicators from the HMICFRS VFM profiles analysis. The results of that review were used as part of the discussions around cost pressures and savings areas during the 2022/23 budget setting and MTFP processes.</p>
Gwent Police has a rolling multi-year medium-term financial plan consistent with sustainable service plans.	Is the medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy?	<p>Considerable work has been undertaken to align the MTFP with the Force Management Statement over the last year and indeed is considered alongside the Reserves and Capital Strategies. Further work planned to better link operational plans to resources and strategies.</p> <p>2021/22 Update: Ongoing – The pilots on Departmental Plans for Finance and People Services are currently being evaluated by the Continuous Improvement Department. Improvements on the process will be incorporated in further pilots/roll-out during 2022/23 for the 2023/24 budget setting round.</p>

<p>Gwent Police uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.</p>	<p>Does the authority have a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication 'Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal'?</p> <p>Does the authority offer guidance to officers as to when an option appraisal should be undertaken?</p>	<p>Arrangements for assessing significant changes are well developed and overseen by an active Service Improvement Department. Projects are managed using Prince2, UK Government Green Book and other relevant guidance and processes.</p> <p>All Programmes have documented assessment of impact / benefits at all stages, with regular reporting during the project and post implementation review reporting to governance boards, primarily Service Improvement Board. Gwent Police will continue to develop options appraisal and business templates to present HR and Finance implications more clearly.</p> <p>The Service Improvement Department have recently set up a bespoke Benefits Realisation Officer to ensure that change programmes deliver on expected outcomes.</p> <p>2021/22 Update: Complete - Following the implementation of the Productivity and Efficiency Board, documentation has been developed and used within Change Management to support the approach. The Benefits approach is outlined in Project Initiation Documents and this follows through to the development of benefits strategy templates which are included in Business Cases. At this stage, benefits are baselined then during implementation data is captured on benefits performance, which leads to the Post Implementation Review process. The Benefits Officer keeps a central repository of programme benefits. The Head of Change also support the Finance Department in the identification and progression of financial benefits, which are recorded within the Force's savings tracker.</p> <p>Arrangements are strong but can be clarified so that all projects/business cases presented to Service Improvement Board are reviewed by Service Improvement.</p> <p>Communications will be reinforced.</p> <p>2021/22 Update: Complete - The Force has an embedded governance process for the progression of organisational change, supported through the Governance process to Service Improvement Board. The Change Programme is developed on a rolling three-year programme and is continually updated to ensure changing legislation or strategy is included. There is a yearly audit of the programme delivery and methodology and reassurance received.</p>
---	---	---

OFFICIAL SWYDDOGOL

	Does the authority's approach to option appraisal include suitable mechanisms to address risk and uncertainty?	<p>Associated risks are considered throughout the process. However, further work is required to reflect monetary and non-monetary impacts of risk in the appraisal processes.</p> <p>2021/22 Update: Complete - All Business Cases that are developed undertake a quality assurance and sign-off process before they are submitted through the governance process. This includes sign-off on the data and evidence base, as well as the risk, benefits analysis and full stakeholder engagement process. The approach taken is outlined with the Organisational Change Governance strategy, which is reviewed and updated annually.</p>
The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	Is the leadership team happy with the reports that it receives and with its ability to use these reports to take appropriate action?	<p>Further work is ongoing to provide more detailed financial reporting and also the timely ability to reinvest in year surpluses.</p> <p>2021/22 Update: Ongoing - Changes to the force operating model mean the wider reporting requirements of senior officers and staff on performance, people, and finance are being adapted across the force. Specifically, in relation to finance, work continues to develop internal force reporting on finance and overtime figures, including the Qlikview platform for accessing the data. Finance reports on the in-year financial position to governance boards and chief officers remain fit for purpose.</p>

CONCLUSION AND OPINION

The Commissioner and Chief Constable are responsible for ensuring that their business is conducted in accordance with the law and proper standards; and that public money is safeguarded, properly accounted for; and used economically, efficiently and effectively. In discharging this overall responsibility, they are responsible for putting in place proper arrangements for the governance of their affairs, facilitating the effective exercise of their functions, which includes arrangements for the management of risk.

The impact of the Coronavirus pandemic, at the time of signing this Statement, has not adversely impacted upon the governance arrangements in place. Indeed, recent investment in digital and mobile technology, coupled with 'cultural' investment in agile working practices, has enabled both corporations sole to minimise disruption, maintain 'business as usual' and to identify opportunities for making greater efficiencies.

This Statement is designed to manage rather than eliminate the risk of failure to achieve these objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

However, based upon the above review of the sources and effectiveness of assurance set out in this Statement, the Commissioner and Chief Constable are satisfied that they have in place '**Reasonable**' governance arrangements, including appropriate systems of internal control and risk management, which facilitate the effective exercise of their functions.

The Commissioner and Chief Constable propose over the coming year to take steps to address the Governance actions as outlined in the action plan, which will further enhance the governance arrangements in place. The monitoring of their implementation and operation will form part of the next annual review.

.....
Police and Crime Commissioner for Gwent

.....
Chief Finance Officer (Commissioner)

.....
Chief Executive (Commissioner)

.....
Chief Constable of Gwent

.....
Chief Finance Officer (CC)

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. This statement reflects the resources that were consumed by the Chief Constable during the year to 31 March 2022. In practice all respective costs are paid for by the Police and Crime Commissioner and the Comprehensive Income and Expenditure Statement includes an intra-group adjustment to reflect this, resulting in an overall nil cost for Police services.

2020/21				2021/22		
Expenditure	Income	Net	Notes	Expenditure	Income	Net
£'000	£'000	£'000		£'000	£'000	£'000
86,750	0	86,750		92,542	0	92,542
35,554	0	35,554		45,185	0	45,185
2,521	0	2,521		3,132	0	3,132
1,610	0	1,610		1,826	0	1,826
3,464	0	3,464		4,245	0	4,245
6,302	0	6,302		7,616	0	7,616
3,837	0	3,837		4,416	0	4,416
22,891	0	22,891		26,357	0	26,357
412	0	412		371	0	371
186	0	186		177	0	177
163,527	0	163,527		185,867	0	185,867
0	(196,107)	(196,107)	8	0	(219,572)	(219,572)
0	0	0		0	0	0
35,338	(2,758)	32,580	7	36,898	(3,193)	33,705
0	0	0		0	0	0
198,865	(198,865)	0		222,765	(222,765)	0
	199,846	17	Remeasurement of the net defined benefit liability / asset			(13,624)
	(199,846)		Intra-Group Transfer			13,624
	0		Other Comprehensive Income and Expenditure			0
	0		Total Comprehensive Income and Expenditure			0

Balance Sheet

The Balance Sheet of the Chief Constable has a net worth of nil. This is because all the reserves are owned by the PCC. Therefore, any assets and liabilities within the Chief Constable's balance sheet are offset by a corresponding debtor, which reflects that pension liabilities are funded by the PCC.

31-Mar-21			31-Mar-22
£'000	Notes		£'000
1,680,744		Long-Term Debtors	1,709,788
1,680,744		Long Term Assets	1,709,788
451	9	Inventories	522
12,828	8	Short-Term Debtors	15,770
0		Cash and Cash Equivalents	0
13,279		Current Assets	16,292
0		Short-Term Borrowing	0
(13,279)	10	Short-Term Creditors	(16,292)
(13,279)		Current Liabilities	(16,292)
0		Long-Term Creditors	0
0		Provisions	0
(1,680,744)	11	Other Long-Term Liabilities	(1,709,788)
(1,680,744)		Long Term Liabilities	(1,709,788)
0		Net Assets	0
0		Usable Reserves	0
0		Unusable Reserves	0
0		Total Reserves	0

Police Pensions Account

The Police Pension Fund Account at the 31st March 2022 is detailed below

Income and Expenditure Statement

2020/21 £'000	2021/22 £'000
Contributions Receivable:	
(14,730) Employer Contributions	(15,182)
(1,683) Injury Pensions including Gratuities Paid	(1,689)
(504) Early Retirements (Capital Equivalent Charges)	(443)
0 Un-authorised Backdated Lump Sum Tax Payments (Home Office funding)	0
(13) Transfers in from other Schemes	(307)
(6,367) Members Contributions	(6,540)
(23,297) Net Income	(24,161)
Benefits Payable:	
33,409 Pensions Paid	34,590
13 Refunded Contributions	53
5,411 Lump Sum Benefits	9,883
0 Un-authorised Backdated Lump Sum Tax Payments	0
0 Lump Sum Death Benefits	0
5 Transfers out to other Schemes	0
38,838 Net Expenditure	44,526
15,541 Net Amount Payable for the Year	20,365
(15,541) Additional Contribution from the Police & Crime Commissioner	(20,365)
0 (Surplus)/Deficit on Fund	0

Balance Sheet

31 March 2021 £'000	31 March 2022 £'000
Current Assets:	
2,475 Prepaid Pension Benefits	2,623
2,820 Funding to meet deficit due from Police & Crime Commissioner/Home Office	5,392
0 Recovery of Pension Benefits	
Current Liabilities:	
0 Provision for Backdated Lump Sums	
(4,862) Overdrawn Pension Cash Position	(1,795)
(433) Unpaid Pension Benefits	(6,220)
0 Total	0

Notes to the Police Pension Fund Account

1. The accounting policies followed and assumptions made regarding the Police Pensions Account are in line with those set out in Note 1, Accounting Policies;

2. The Police Pension Scheme was administered by Capita Plc. up to the 30th June 2021. From 1st July 2021 the Police Pension Scheme is administered by XPS under contract;

3. 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); and

4. The Pension Fund's financial statements do not take account of future pension obligations after the 31st March 2022. However, these are presented on the Balance Sheet under Net Pension Liability with detailed disclosures in Note 17, Defined Benefit Pension Schemes.

Notes to the Financial Statements of the Chief Constable

This set of notes represents the consolidated notes for the Statement of Accounts for 2021/22.

Note 1 - Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Chief Constable's transactions for the 2021/22 financial year and position at the year-end of 31st March 2022. The Chief Constable is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the UK 2021/22 and the CIPFA Service Reporting Code of Practice 2021/22, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Statement of Accounts have been prepared on a going concern basis.

1.2 Accruals of Income and Expenditure

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

Revenue from the sale of goods is recognised when the Chief Constable transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Chief Constable.

Revenue from the provision of services is recognised when the Chief Constable can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Chief Constable.

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.

1.3 Depreciation

Fixed assets are held within the accounts of the Police and Crime Commissioner however a recharge is made to the accounts of the Chief Constable in relation to depreciation charged on the Police and Crime Commissioner's assets to reflect the use of these assets by the Chief Constable.

1.4 Employee Benefits

Benefits Payable during Employment

Short term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave and overtime on the card and are recognised as an expense for services in the year in which employees render service to the Chief Constable. An accrual is made for the cost of holiday entitlements (or any form of leave, rest day carry over and overtime on the card) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable at the end of the accounting period in question. The accrual is charged to the Cost of Services and the liability is recorded in the Police and Crime Commissioner's and Police and Crime Commissioner Group's balance sheet within its unusable reserves as statute dictates that the Chief Constable cannot hold reserves.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Chief Constable to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits. When the Chief Constable is demonstrably committed to the termination of the employment of an employee or group of employees, or making an offer to encourage voluntary redundancy, these costs are charged on an accruals basis to the respective service line in the CIES.

Post-employment Benefits

The pension costs included in the accounts have been determined in accordance with relevant Government regulations. IAS 19 requires that current and future pension liabilities appear in the accounts of organisations (both public and private). It requires that there is full recognition of the asset/liability; that a pension reserve appears in the Balance Sheet; and entries in the CIES record movements in the asset/liability.

The Chief Constable participates in two post-employment pension schemes. The Police Pension Scheme, for Police Officers and the Greater Gwent (Torfaen) Local Government Pension Scheme, for Police Staff. Both schemes provide defined benefits to members e.g. retirement lump sums and pensions, earned as employees working for the Council, or for related parties.

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

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

Discretionary Benefits

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

Injury Benefits

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

1.5 Inventories and Long-Term Contracts

The Chief Constable maintains stocks of uniforms, body armour, and vehicle parts. Stocks of diesel, custody items and computer consumables have been removed from the Balance Sheet and expensed to the CIES during the year, as balances held were not deemed to be material. The value of these stocks at the end of the year is recorded in the accounts at current cost, with the exception of vehicle parts which are recorded at historical cost.

1.6 Leases

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

1.7 Interests in Subsidiaries, Associates and Jointly Controlled entities including Joint Arrangements

The Code requires the Chief Constable to disclose any material interests in subsidiaries, associates and jointly controlled entities in a set of group accounts. This requirement means the consolidation of the transactions and balances of subsidiaries and of interests in associates and joint ventures. The Chief Constable does not hold any material interests in subsidiaries, associated or jointly controlled entities that require consolidation. The Chief Constable's policy is to disclose as a note to the financial statements details of any related companies.

Where the Chief Constable has entered into collaborative arrangements with other Commissioners/ Forces an assessment has been made against IFRS 11 Joint Arrangements to determine the appropriate accounting treatment. IFRS11 requires all such arrangements to be classed as either Joint Ventures or Joint Operations.

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

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

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

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

1.09 Value Added Tax (VAT)

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

1.10 Events after the Reporting Period

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

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; and

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

1.11 Exceptional Items

When items of income and expense are material, their nature and extent 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 the understanding of the Chief Constable's financial performance.

Note 2 - Accounting Standards that have been issued but not yet adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code), the Chief Constable is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code.

Paragraph 3.3.2.13 of the Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code.

In addition paragraph 3.3.4.3 requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year:

IFRS 16 – Leases, issued in January 2019. The adoption of this standard has been deferred to the 2024/25 Code. The annual IFRS improvement programme notes 5 changed standards:

- IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS;
- IAS 37 (Onerous contracts) – clarifies the intention of the standard;
- IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material;
- IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances; and
- IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use (Amendment).

None of the improvements are dealt with in the 2021/22 code as they would not have a significant effect on Local Authority financial statements.

Given the above, the Chief Constable does not anticipate any additional disclosures to be required in the 2021/22 financial statements in respect of accounting changes that were introduced in the 2021/22 Code. There are no new accounting standards that have not yet been issued that will significantly impact financial reporting in future years.

Note 3 - Critical judgments in applying accounting policies

In applying the accounting policies set out in Note 1, the Chief Constable did not have to make any critical judgements about complex transactions or those involving uncertainty about future events.

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

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

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Police pensions liability	Estimation of the liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are expected to increase, changes in retirement ages, mortality rates and expected return on pension fund assets. The Government Actuary's Department (GAD) have been engaged to provide the PCC Group with expert advice about the assumptions to be applied.	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the rate of increase in salaries would have a £20m increase in the Police Pension Scheme Liability.</p> <p>A 1-year increase in the life expectancy of Police Pensioners would result in the Police Pension Liability increasing by £55m.</p> <p>However, the assumptions interact in complex and sensitive ways. During 2021/22, GAD advised that the net pensions' liability had decreased by £21.87m due to changes in financial assumptions used. In the previous financial year the net pension liability increased by £165.84m attributable to changes in financial assumptions.</p>

Note 5 - Material items of Income & Expenditure

There are no material items of income and expenditure that require a separate disclosure.

Note 6 - Events after the Balance Sheet date

The Draft Statement of Accounts was authorised for issue by the Assistant Chief Officer - Resources on 31st May 2022. There are no adjusting or non-adjusting events.

Note 7 - Financing and Investment Income and Expenditure

Financing, investment income, and expenditure (shown net), arising from pension interest charges and expected returns in the period on the net defined benefit liability (asset).

2020/21		2021/22
£'000		£'000
0	Interest payable and similar charges	0
32,580	Net interest on the net defined benefit liability (asset)	33,705
0	Interest receivable and similar income	0
32,580	Total	33,705

Note 8 - Intra Group Adjustments

The table below shows the movement through the Intra Group adjustment account within the PCC and Chief Constable's Comprehensive Income and Expenditure Statement (CIES) and Balance Sheet during the year. Intra Group adjustments are required in the CIES as the Chief Constable cannot hold any reserves and therefore any surplus or deficit on the provision of services and any actuarial gains or losses on pension assets and liabilities must be transferred to the PCC. Short Term creditors and Inventories (stocks) are recognised in the Chief Constable's Balance Sheet. However, because the Chief Constable cannot hold reserves, and therefore must have a Balance Sheet with a nil net worth, an intra-group adjustment is required to ensure that both net assets and reserves both balance to nil.

CIES Intra-group adjustments

PCC	Chief Constable	PCC Group		PCC	Chief Constable	PCC Group
2020/21	2020/21	2020/21		2021/22	2021/22	2021/22
£'000	£'000	£'000		£'000	£'000	£'000
(11,580)	163,527	151,947	Net Cost of Services	(14,004)	185,867	171,863
(189)	32,580	32,391	Financing, Investment Income and Expenditure	16	33,705	33,721
(16,898)	0	(16,898)	Other Operating Expenditure	(20,913)	0	(20,913)
196,107	(196,107)	0	Intra-group Adjustment	219,572	(219,572)	0
167,440	0	167,440	Total	184,671	0	184,671
1,344	199,846	201,190	Actuarial (gains)/ losses on pension assets/ liabilities	(1,080)	(13,624)	(14,704)
199,846	(199,846)	0	Intra-group Adjustment	(13,624)	13,624	0
201,190	0	201,190	Total	(14,704)	0	(14,704)

Balance Sheet Adjustments

PCC	Chief Constable	PCC Group		PCC	Chief Constable	PCC Group
2020/21	2020/21	2020/21		2021/22	2021/22	2021/22
£'000	£'000	£'000		£'000	£'000	£'000
0	451	451	Inventories	0	522	522
(1,952)	(13,279)	(15,231)	Creditors	(1,903)	(16,292)	(18,195)
(12,828)	12,828	0	Intra-group Adjustment	(15,770)	15,770	0
(14,780)	0	(14,780)	Total	(17,673)	0	(17,673)

Note 9 - Inventories

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

	Consumable Stores		Maintenance Materials		Total	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000	£'000
Balance outstanding at start of year	415	377	59	74	474	451
Purchases	426	548	303	390	729	938
Recognised as an expense in the year	(464)	(552)	(288)	(315)	(752)	(867)
Balance Outstanding at Year End	377	373	74	149	451	522

Note 10 - Creditors

Short-Term Creditor balances held by the Chief Constable at the 31st March 2022 are:

31 March 2021		31 March 2022	
£'000		£'000	
(5,721)	Trade payables	(8,259)	
(7,558)	Other payables	(8,033)	
(13,279)	Total Creditors	(16,292)	

Note 11 – Other Long-Term Liabilities

Net Pension Liability

31 March 2021		31 March 2022
£'000		£'000
1,444,332	Balance 1 April	1,680,744
199,846	Remeasurements of the net defined benefit (liability)/asset	(13,624)
73,208	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	87,368
(36,642)	Employer's pensions contributions and direct payments to pensioners payable in the year	(44,700)
0	Other movements	0
1,680,744	Balance 31 March	1,709,788

The Pension Reserve and corresponding net pension liability absorbs the timing differences arising from the different arrangements for accounting post-employment 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. The Chief Constable accounts also update the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resource set aside to meet the costs.

Note 12 - Members' Allowances

The PCC Group paid £8,749 to Joint Audit Committee Members during the year ending 31st March 2022. Amounts are split evenly with the Chief Constable.

31 March 2021		31 March 2022
£		£
0	Salaries	0
2,350	Allowances	4,367
4	Expenses	8
2,354	Total Members' Allowances	4,375

Note 13 - Police Officer and Police Staff Remuneration

Police and Police Staff Numbers

	2020/21	2021/22
Police Officers:		
Above the rank of Constable	303	305
Constable	1,085	1,148
Total	1,388	1,453

Police Staff:		
Full Time	768	842
Part Time	154	164
Total	922	1,006

The above numbers are as at 31st March 2022.

Remuneration Received

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

2020/21	Remuneration Band			2021/22
26	£60,000	-	£64,999	37
7	£65,000	-	£69,999	6
2	£70,000	-	£74,999	3
5	£75,000	-	£79,999	5
4	£80,000	-	£84,999	6
2	£85,000	-	£89,999	3
4	£90,000	-	£94,999	7
1	£95,000	-	£99,999	2
1	£100,000	-	£104,999	0
0	£105,000	-	£109,999	0
1	£110,000	-	£114,999	2
0	£115,000	-	£119,999	0
1	£120,000	-	£124,999	0
0	£125,000	-	£129,999	0
0	£130,000	-	£134,999	1
1	£135,000	-	£139,999	0
0	£140,000	-	£144,999	0
0	£145,000	-	£149,999	0
0	£150,000	-	£154,999	0
1	£155,000	-	£159,999	1

Remuneration Relationship

Reporting bodies are required to disclose the relationship between the highest paid 'Executive' in the organisation and the median remuneration of the organisations workforce during the year to which the accounts relate. Remuneration is based on full time annualised remuneration payable and is determined by taking the salary as at 31st March 2022 plus the benefit in kind and other payments made during the period.

	2020/21	2021/22
Chief Constable's Remuneration	160,735	158,672
Median Pay of the Chief Constable's Staff	30,411	29,793
Median Pay Ratio	5.29	5.33

Remuneration Disclosure

The following table sets out the remuneration disclosure, for relevant Police Officers (Chief Officer rank) and Senior Staff (Chief Officer equivalent rank), whose salary is equal to, or more than £60,000 per year. The regulation requires individuals whose salary exceeds £150,000 per year, to be identified by name.

Expense allowances include "essential user" car lump sum allowance and benefit in kind includes the money value of benefits received otherwise than in cash e.g. private use of a Force asset. Other payments include those allowances only relevant to Police Officers such as rent allowance and compensatory grant. During the year no amounts were paid in respect of compensation for loss of employment. Equivalent disclosure is provided for the previous year 2020/21.

Relevant Senior Officers and Staff Remuneration

Relevant Senior Police Officers and Police Staff Remuneration for the year ended 31st March 2022.

2021/22

Post Holder Information (Post Title)	Note	Salary £	Post Related Pay £	Bonus £	Expenses £	Benefits in Kind £	Other Payments £	Total Remuneration excluding Pension Contributions £	Employers Pension Contributions £	Total Remuneration including Pension Contributions £
Chief Constable		149,913	0	0	0	8,759	0	158,672	46,473	205,145
Deputy Chief Constable		123,648	0	0	0	6,449	3,685	133,782	38,331	172,113
Assistant Chief Constable (1)	1	76,211	14,801	0	0	0	4,019	95,031	23,625	118,656
Assistant Chief Constable (2)	2	15,227	2,657	0	0	0	820	18,704	4,720	23,424
Assistant Chief Officer Resources		113,259	0	0	0	0	0	113,259	20,160	133,419

Notes

- 1 Assistant Chief Constable (1) returned to his substantive rank of Chief Superintendent on 30th January 2022, opted to receive an annualised Non-Pensionable Post Related Pay Allowance of £20,655 plus an annualised Car Lump sum of £4,839.
- 2 Assistant Chief Constable (2) is temporary promoted from Chief Superintendent on 31st January 2022, opted to receive an annualised Non-Pensionable Post Related Pay Allowance of £15,690 plus an Annualised Car Lump sum of £4,839.
- 3 The employers pension contribution in respect of Police Officers are paid at a rate of 31.0%. All other Senior Employees are paid at a rate of 17.8%.
- 4 Other payments include: Car Allowance and Housing allowance as determined by Police Regulations.

2020/21

Post Holder Information (Post Title)	Note	Salary £	Post Related Pay £	Bonus £	Expenses £	Benefits in Kind £	Other Payments £	Total Remuneration excluding Pension Contributions £	Employers Pension Contributions £	Total Remuneration including Pension Contributions £
Chief Constable		148,389	0	0	0	10,822	0	159,211	46,001	205,212
Deputy Chief Constable		122,392	0	0	0	9,185	3,685	135,262	37,941	173,203
Assistant Chief Constable (1)		114,230	0	0	0	8,548	0	122,778	35,411	158,189
Assistant Chief Constable (2)	1	12,914	2,048	0	0	0	647	15,609	4,003	19,612
Assistant Chief Constable (3)	2	51,201	8,891	0	0	0	2,742	62,834	15,872	78,706
Assistant Chief Officer Resources		112,109	0	0	0	0	0	112,109	19,955	132,064

Notes

- 1 Assistant Chief Constable (2) was temporary promoted from Chief Superintendent on 7th June to 26th July 2020, opted to receive an annualised Non-Pensionable PostRelated Pay Allowance of £15,306 plus an Annualised Car Lump sum of £4,839.
- 2 Assistant Chief Constable (3) is temporary promoted from Chief Superintendent on 7th September 2020, opted to receive an annualised Non-Pensionable Post Related Pay Allowance of £15,690 plus an Annualised Car Lump sum of £4,839.
- 3 The employers pension contribution in respect of Police Officers were paid at a rate of 31%. All other Senior Employees were paid at a rate of 17.8%.
- 4 Other payments include: Car Allowance £4,839 per annum and any Rent/Housing entitlement as per Police Regulations.

Note 14 - Termination Benefits

A Schedule of exit packages at 31st March 2022 is shown in the table below with comparative figures for the previous year.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21 £	2021/22 £
£0 - £20,000	1	2	0	0	1	2	13,195	22,088
£20,001 - £40,000	0	2	0	0	0	2	0	52,244
£40,001 - £60,000	0	1	0	0	0	1	0	54,294
£60,001 - £80,000	1	0	0	0	1	0	68,148	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	1	1	0	0	1	1	122,530	136,646
Total	3	6	0	0	3	6	203,873	265,272

All exit packages were agreed and paid to 31st March 2022.

The pension strain cost included in the figures above for 2021/22 is £133,563 (2020/21 £118,543).

Note 15 - External Audit Costs

The PCC and the Chief Constable jointly incurred external audit fees with Audit Wales.

The total costs are split equally between the PCC Group Statement of Accounts and the Chief Constable's Statements of Accounts.

2020/21		2021/22
£'000		£'000
	Fees payable to external auditors with regard to external audit	
41	services carried out by the appointed auditor for the year	43
41	Total	43

Note 16 - Related Parties

IAS 24 requires the Chief Constable to disclose all material transactions with related parties, that is bodies or individuals that have the potential to influence the Chief Constable or to be controlled and influenced by the Chief Constable. Disclosure of these transactions allows the reader to assess the extent to which the Chief Constable might have been constrained in his ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Chief Constable. This disclosure note has been prepared based on specific declarations obtained between April 2021 and March 2022, in respect of related party transactions.

Central Government

Central Government has effective control over the general operations of the Chief Constable and it is responsible for providing the statutory framework within which the Chief Constable operates, provides the majority of its funding in the form of grants presented in Note 12 – Taxation and Non Specific Grant Income, and prescribes the terms of many of the transactions that the Chief Constable has with other parties (e.g. council tax bills). However, the PCC has direct control over the Chief Constable's financial and operating policies.

Members

The total allowances and expenses paid to Members during the year are shown in Note 28 – Members Allowances. Transactions with the members of the Police and Crime Panel represent are detailed in Note 12 of the Chief Constable Statement of accounts – Taxation and Non-Specific Grant Income.

A member of the Joint Audit Committee (JAC) is employed by the Police Mutual Assurance Ltd, which offers financial services products to serving and retired police officers and staff and families. During the 2021/22 financial year, the Police and Crime Commissioner for Gwent paid a total to Police Mutual Assurance Ltd of £604,492 (2020/21 £726,828). No income was received

Also, another member of the JAC is an Independent Lay Member of Council (and Court), Cardiff University as well as a Trustee, Cardiff University. During the 2021/22 financial year, the Police and Crime Commissioner for Gwent paid a total to Cardiff University of £94,386 (2020/21 £92,721) for Forensic Services. No income was received.

Officers

The Assistant Chief Officer - Resources is the Company Secretary to Gwent Independent Film Trust (GIFT) Ltd. See Note 42 – Gwent Independent Film Trust (GIFT) for additional information. In addition, the Assistant Chief Officer - Resources has a long-term friendship with the Commercial Manager of BAM Construction Ltd (BAM). Police and Crime Commissioner for Gwent have contractual relationships with BAM in relation to the construction of a new HQ building. During the 2021/22 financial year, the Police and Crime Commissioner for Gwent paid a total to BAM of £16,201,898 (2020/21: £15,672,471) and £431,630 (2020/21 £1,519,032) has been retained as a creditor until the final building sign off is agreed. No income was received.

Note 17 - Defined Benefit Pension Scheme

McCloud / Sargeant Judgement

The Chief Constable of Gwent along with other Chief Constables and the Home Office currently has 148 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 25th October 2019. The resulting Order of 28th 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 1st April 2015. This interim declaration applies to claimants only. However, the Government made clear that non-claimants who are in the same position as claimants will be treated fairly to ensure they do not lose out. This was re-iterated in the Written Ministerial Statement on 25th March 2020.

On the 16th July 2020 the Treasury published their Public Service Pension Schemes Consultation: changes to the transitional arrangement to the 2015 scheme, which contained the proposed remedy. On the 4th February 2021 the Treasury published their response to the consultation. This response confirmed that the legacy schemes would be closed from 31st March 2022, a remedy would be introduced for the period 2015 to 2022 based on a deferred choice underpin basis, and, eligibility criteria for members to access the remedy.

On 25th November 2021 QC Clive Sheldon and Peter Lockley issued Joint Advice on settlement of compensation Claims for "Injury to Feelings" (The Proposal). It represented acceptance by the Secretary of State "that she, and not the Chief Officers, should bear the cost of compensating the Claimants for the discriminatory transitional provisions; a point which the Chief Officers have been pressing the Secretary of State to confirm for a number of years. Accordingly, the Chief Officers will pay nothing towards any settlement that may be agreed." As a result, no liability has been recognised by the Commissioner or Chief Constable in the 2021/22 accounts.

Impact on Pension Liability

Allowing for all members to remain in their existing scheme as at 1st April 2015 would lead to an increase in the Police Pension Scheme liabilities. Scheme actuaries have estimated the potential increase in scheme liabilities for Gwent Police to be approximately 4.4% or £62.860m of pension scheme liabilities. This increase was reflected in the IAS 19 disclosure as a past service cost in the 2018/19 accounts. In 2019/20, scheme actuaries have reviewed these assumptions at a force level and have estimated a decrease of £185m in Police Pension Scheme liabilities. In 2020/21 the estimated increase is £311.57m in pensions scheme liabilities. In 2021/22 the estimated decrease is £148.04m in pensions scheme liabilities. This decrease reflects a change in assumptions and therefore represents a gain on remeasurement and reported in the Comprehensive Income and Expenditure Statement (CIES).

The Police Pension Fund Regulations 2007 require a police authority to maintain a police 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 police authority in the form of a central government top-up grant.

Participation in Pension Schemes

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

The Chief Constable participates in two post-employment schemes:

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

Transactions relating to Post-employment Benefits

The cost of retirement benefits is recognised in the reported CIES Cost of Service line, when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made 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.

OFFICIAL SWYDDOGOL

The following transactions have been made in the CIES and the General Police Fund Balance via the Movement in Reserves Statement during the year including disclosure of actual employer's contributions during the year:

General Fund Transactions

2020/21			2021/22		
LGPS CC	Police Pension	Total	LGPS CC	Police Pension	Total
Restated	Restated				
£'000	£'000	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement					
Cost of Services					
Service cost comprising:					
8,564	31,870	40,434	15,389	37,670	53,059
59	0	59	158	0	158
	13	13	0	310	310
0	0	0	0	0	0
0	0	0	0	0	0
122	0	122	136	0	136
Other Operating Expenditure:			0	0	0
Financing and Investment Income and Expenditure			0	0	0
1,620	30,960	32,580	2,285	31,420	33,705
10,365	62,843	73,208	17,968	69,400	87,368

The above Table has been restated in 2020/21 to show the comparative of the Transfer In expenditure separately from the Past Service cost.

**Other post-employment benefits charged to the Comprehensive
Income and Expenditure Statement**

£'000	£'000	£'000		£'000	£'000	£'000
Re-measurement of the net defined benefit liability comprising:						
(33,838)	0	(33,838)	Return on plan assets (excluding the amount included in the net interest expense)	(6,324)	0	(6,324)
(1,960)	(740)	(2,700)	Actuarial gains and losses - experience	506	38,930	39,436
3,772	0	3,772	Actuarial gains and losses arising on changes in demographic assumptions	(1,383)	0	(1,383)
66,772	165,840	232,612	Actuarial gains and losses arising on changes in financial assumptions	(23,483)	(21,870)	(45,353)
0	0	0	Other movements in the liability / (asset)	0	0	0
34,746	165,100	199,846	Total charged to Other Comprehensive Income and Expenditure Statement	(30,684)	17,060	(13,624)
45,111	227,943	273,054	Total charged to the Comprehensive Income and Expenditure Statement	(12,716)	86,460	73,744

OFFICIAL SWYDDOGOL

2020/21			Movement in Reserves Statement	2021/22		
LGPS CC	Police Pension	Total		LGPS CC	Police Pension	Total
£'000	£'000	£'000		£'000	£'000	£'000
(10,365)	(62,844)	(73,209)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(17,968)	(69,400)	(87,368)
			Actual amount charged against the general fund balance for pensions in the year:			
4,462	32,180	36,642	Employers' contributions payable to scheme	4,990	39,710	44,700

2020/21			Pensions Assets and Liabilities Recognised in the Balance Sheet	2021/22		
LGPS CC	Police Pension	Total		LGPS CC	Police Pension	Total
£'000	£'000	£'000		£'000	£'000	£'000
(266,540)	(1,571,733)	(1,838,273)	Present value of the defined obligation	(262,309)	(1,618,483)	(1,880,792)
157,529	0	157,529	Fair value of plan assets	171,004	0	171,004
(109,011)	(1,571,733)	(1,680,744)	Value of Assets / (Liabilities)	(91,305)	(1,618,483)	(1,709,788)
0	0	0	Other movements in the (liability) / asset	0	0	0
(109,011)	(1,571,733)	(1,680,744)	Net (liability) / asset arising from the defined benefit obligation	(91,305)	(1,618,483)	(1,709,788)

2020/21			Movement in the Value of Scheme Assets	2021/22		
LGPS CC	Police Pension	Total		LGPS CC	Police Pension	Total
Restated	Restated					
£'000	£'000	£'000			£'000	£'000
118,548	0	118,548	Opening fair value of scheme assets	158,024	0	158,024
2,758	0	2,758	Interest income	3,193	0	3,193
			Re-measurement gain / (loss):			
33,838	0	33,838	- The return on plan assets, excluding the amount included in the net interest expense	6,324	0	6,324
0	0	0	- The effect of changes in foreign exchange rates	0	0	0
0	0	0	Other gains / (losses)	0	0	0
4,462	32,180	36,642	Contributions from employer	4,990	39,710	44,700
1,591	6,360	7,951	Contributions from employees into the scheme	1,783	6,530	8,313
0	0	0	Transfers in			0
(3,173)	(38,540)	(41,713)	Benefits / transfers paid	(3,310)	(46,240)	(49,550)
0	0	0	Assets Extinguished on Settlement	0	0	0
158,024	0	158,024	Closing value of scheme assets	171,004	0	171,004

OFFICIAL SWYDDOGOL

2020/21			Movements in the Fair Value of Scheme Liabilities	2021/22		
LGPS CC	Police Pension	Total		LGPS CC	Police Pension	Total
Restated		Restated				
£'000	£'000	£'000		£'000	£'000	£'000
(186,910)	(1,375,970)	(1,562,880)	Opening balance at 1 April	(267,035)	(1,571,733)	(1,838,768)
(8,564)	(31,870)	(40,434)	Current service cost	(15,389)	(37,670)	(53,059)
(4,378)	(30,960)	(35,338)	Interest cost	(5,478)	(31,420)	(36,898)
(1,591)	(6,360)	(7,951)	Contributions from scheme participants	(1,783)	(6,530)	(8,313)
			Re-measurement gains and losses:			
1,960	740	2,700	- Actuarial gains / (losses) - experience	(506)	(38,930)	(39,436)
(3,772)	0	(3,772)	- Actuarial gains / (losses) from changes in demographic assumptions	1,383	0	1,383
(66,772)	(165,840)	(232,612)	- Actuarial gains / (losses) from changes in financial assumptions	23,483	21,870	45,353
0	0	0	- Other	0	0	0
(59)	0	(59)	Past service cost	(158)	0	(158)
0	0	0	Gains / (losses) on curtailments	0	0	0
0	0	0	Liabilities assumed on entity combinations	0	0	0
0	(13)	(13)	Transfers in	0	(310)	(310)
3,173	38,540	41,713	Benefits / transfers paid	3,310	46,240	49,550
(122)	0	(122)	Administration expenses	(136)	0	(136)
0	0	0	Liabilities extinguished on settlements	0	0	0
(267,035)	(1,571,733)	(1,838,768)	Balance as at 31 March	(262,309)	(1,618,483)	(1,880,792)

The 2020/21 LGPS Chief Constable and Police and Crime Commissioner opening balances for Assets and Liabilities have been restated due to an amendment in the category in which the administration expenses are shown. The previous financial statements presented the administration expenses in Assets, this has now been amended to shown as part of the liabilities to be consistent with the presentation in the Actuary statements. This change has nil effect on the net amount of the Pension Scheme assets and liabilities.

The liabilities show the underlying commitments that the Chief Constable has in the long run to pay retirement benefits. The total liability of £1.881bn (2020/21: £1.838bn) has a substantial impact on the net worth of the Chief Constable as recorded in the Balance Sheet, resulting in a negative overall balance of £1.71bn (2020/21: £1.681bn).

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

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

The Chief Constable is not liable for other entities' obligations under the terms and conditions of the Police Officer Pension and Local Government Pension schemes. In the event that the Chief Constable were to leave these schemes, the assets and liabilities relating solely to Force officers and staff, past and present, would be calculated and transferred into any new scheme.

Basis for Estimating Assets and Liabilities

The expected return on assets are no longer required for IAS19 as the discount rate (2.70% Local Gov and 2.65% Police) is now used by the Actuary to calculate the projected costs for next year and set the expected return on assets.

The approximate split of assets for the Fund as a whole (based on data provided by the Actuary) is shown below:

Asset Allocations

Local Government (Group)				
	2020/21 £000	2020/21 %	2021/22 £000	2021/22 %
Asset Allocations				
Equity Securities	23,373	14.00%	24,502	14.33%
Investment Funds and Unit Trusts	129,285	82.00%	142,352	83.23%
Real Estate	3,977	3.00%	3,632	2.12%
Cash and Cash Equivalents	1,389	1.00%	554	0.32%
Total	158,024	100%	171,040	100%

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

	Police Pension		Local Government (Group)	
	2020/21 Years	2021/22 Years	2020/21 Years	2021/22 Years
Mortality assumptions:				
Longevity at 65 for current pensioners:				
Men	22.00	22.10	20.70	20.50
Women	23.70	23.80	23.40	23.20
Longevity at 65 for future pensioners:				
Men	23.70	23.80	22.10	21.80
Women	25.30	25.40	25.40	25.10

	Police Pension		Local Government (Group)	
	2020/21 % p.a.	2021/22 % p.a.	2020/21 % p.a.	2021/22 % p.a.
Rate of increase in salaries (Long term)	4.15%	4.75%	3.15%	3.50%
Rate of increase in salaries (Short term)	0.00%	0.00%	0.00%	0.00%
Rate of increase in pensions	2.40%	3.00%	2.85%	3.20%
Rate for discounting scheme liabilities	2.00%	2.65%	2.00%	2.70%
Rate of CARE revaluation	3.65%	4.25%	0.00%	0.00%

Change in Assumptions

	Police Pension		Local Government		Local Government	
	Approximate increase/(decrease) in assumption		Approximate % increase to Employer Liability		Approximate % increase to Employer Liability	
	%	£'000	PCC	PCC	Chief Constable	Chief Constable
			%	£'000	%	£'000
0.5% increase in the Real Discount Rate	(10.00%)	(161,000)	0.00%	-	0.00%	-
0.1% decrease in the Real Discount Rate	0.00%	-	2.00%	228	2.00%	6,387
1 year increase in member life expectancy	3.50%	55,000	4.00%	388	4.00%	10,492
0.5%/0.1% increase in the Salary Increase Rate	1.00%	20,000	0.00%	38	0.00%	803
0.5%/0.1% increase in the Pension Increase Rate	9.00%	144,000	2.00%	188	2.00%	5,533

Following the Triennial Valuation as at 31st March 2022, the Contribution Rates for the current year and the next 2 years are as follow:

LGPS Certified Rates for the Year Ending

31 March 2022	17.8%
31 March 2023	17.8%
31 March 2024	17.8%

Note 18 - Contingent Assets and Liabilities

The Chief Constable does not have any contingent assets or contingent liabilities.

Note 19 – Collaboration

Police forces in Wales have a long, successful history of collaborating to develop specialist areas of policing. This includes 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, they will look to work in collaboration with other Commissioner's and forces to provide the most effective service possible. Such agreements are regulated by Section 22A of the Police Act 1996, as amended by the Police Reform and Social Responsibility Act 2011.

The collaborative services and their funding continue under revised Commissioner and Force Governance arrangements. These are in effect considered as 'Pooled Budgets' with agreements for Funding Contributions, made and varied from time to time, and certain Specific Government Grants. The pooled budgets are effectively hosted by the Commissioner and Force for South Wales Police on behalf of the four police forces in Wales. A summary of the cost of the various collaborative services attributable to the PCC Group is shown in the following table and includes the Joint Procurement Services which was formally put in place during the 2020/21 financial year.

2021/22 costs of the various collaborative services attributable to the PCC Group.

SHARE OF SERVICE COLLABORATION	Counter Terrorism Intelligence Unit (CTIU)	Counter Terrorism Specialist Advisors (CTSA)	Counter Terrorism Port / Dedicated Security (DSP)	Regional Organised Crime Unit (ROCU)	Regional Task Force (RTF)	Digital Services Division	Joint Legal Services (JLS)	Scientific Investigation Unit (JSIU)	Joint Firearms Unit (JFU / CTSFO)	Joint Procurement	Total
Share of service benefit											
2021/22	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Expenditure											
South Wales Police	3,114	241	1,036	4,755	1,308	2,929	926	4,456	7,725	300	26,790
Dyfed Powys Police	1,210	94	402	1,848	495	0	0	0	4,635	0	8,684
Gwent Police	1,385	107	461	2,114	633	1,577	463	2,042	3,090	300	12,172
North Wales Police	1,628	126	2,308	0	0	0	0	0	0	0	4,062
Total	7,337	568	4,207	8,717	2,436	4,506	1,389	6,498	15,450	600	51,708
Total Income & Grants											
South Wales Police	(3,114)	(241)	(1,036)	(2,774)	(25)	0	0	(5)	(809)	0	(8,004)
Dyfed Powys Police	(1,210)	(94)	(402)	(1,078)	(9)	0	0	0	(486)	0	(3,279)
Gwent Police	(1,385)	(107)	(461)	(1,234)	(12)	0	0	(2)	(324)	0	(3,525)
North Wales Police	(1,628)	(126)	(2,308)	0	0	0	0	0	0	0	(4,062)
Total	(7,337)	(568)	(4,207)	(5,086)	(46)	0	0	(7)	(1,619)	0	(18,870)

As a result of the requirement of IFRS11, gross expenditure in the CIES has been increased by £0.776m and gross income has been increased by £1.281m, a net decrease in expenditure of £0.505m (2020/21: £0.376m decrease in expenditure). This net decrease has been reversed in the Movement in Reserves Statement with no impact on the Police Fund.

OFFICIAL SWYDDOGOL

2020/21 costs of the various collaborative services attributable to the PCC Group.

SHARE OF SERVICE COLLABORATION	Counter Terrorism Intelligence Unit (CTIU)	Counter Terrorism Specialist Advisors (CTSA)	Counter Terrorism Port / Dedicated Security (DSP)	Regional Organised Crime Unit (ROCU)	Regional Task Force (RTF)	Digital Services Division	Joint Legal Services (JLS)	Scientific Investigation Unit (JSIU)	Joint Firearms Unit (JFU / CTSFO)	Joint Procurement	Total
Share of service benefit											
2020/21											
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Expenditure											
South Wales Police	2,839	229	1,065	4,204	1,062	2,838	879	4,347	7,088	229	24,780
Dyfed Powys Police	1,102	89	413	1,631	402	0	0	0	4,253	0	7,890
Gwent Police	1,260	102	472	1,865	514	1,528	439	1,991	2,835	229	11,235
North Wales Police	1,483	120	2,424	0	0	0	0	0	0	0	4,027
Total	6,684	540	4,374	7,700	1,978	4,366	1,318	6,338	14,176	458	47,932
Total Income & Grants											
South Wales Police	(2,839)	(229)	(1,065)	(2,543)	(7)	0	0	(3)	(655)	0	(7,341)
Dyfed Powys Police	(1,102)	(89)	(413)	(986)	(2)	0	0	0	(393)	0	(2,985)
Gwent Police	(1,260)	(102)	(472)	(1,128)	(3)	0	0	(2)	(262)	0	(3,229)
North Wales Police	(1,483)	(120)	(2,424)	0	0	0	0	0	0	0	(4,027)
Total	(6,684)	(540)	(4,374)	(4,657)	(12)	0	0	(5)	(1,310)	0	(17,582)

Other Collaborative Working - Shared Resource Service Centre

The Gwent Police Authority entered into a public sector collaborative arrangement, known as the Shared Resource Service (SRS), with Torfaen County Borough Council (TCBC) and Monmouthshire County Council (MCC) in May 2011. During 2017/18, Newport City Council (NCC) and Blaenau Gwent County Council (BGCC) joined the collaborative working arrangement.

A memorandum of understanding is in place to provide robust governance arrangements. The arrangement is not a separate legal entity and ownership of the SRS premises reside with TCBC. In 2021/22 expenditure incurred was fully covered by the contributions from the partners.

Note 20 - Gwent Independent Film Trust (GIFT)

The Chief Constable is a subscriber to the Memorandum & Articles of Association of GIFT (Gwent) a Company Ltd by Guarantee (Company Registration Number 7327539) and a registered charity (Charity Registration Number 1141278).

The Objects of the Charity are to promote the advancement of the education of the public in matters of anti-social behaviour, road, personal and community safety with a view to reducing the numbers and seriousness of road accidents and incidents of crime.

At 31st March 2022 GIFT (Gwent) had two Trustees. Nigel Stephens, Assistant Chief Officer Resources, who is a Chief Constable member of staff, acting as Trustee/Director and a second Trustee, Rhodri Williams who is acting as the independent chair.

The liability of Members is limited to £1, being the amount that each Member undertakes to contribute to the assets of the Charity in the event of it being wound up. If the Charity is dissolved, the assets (if any) remaining after provision has been made for all its liabilities must be applied in one or more of the following ways:

- (i) By transfer to one or more other bodies established for exclusively charitable purposes within, the same as or similar to the Objects;
- (ii) Directly for the Objects or charitable purposes within or similar to the Objects; or
- (iii) In such other manner consistent with charitable status as the Commission approves in writing in advance.

GIFT (Gwent) is a subsidiary of the Chief Constable for Gwent and PCC Group. However, no assets or liabilities of the Charity are reflected in the Balance Sheet of the Chief Constable and PCC Group on the grounds of materiality.

The annual report and the audited financial statements for the year ended 31st July 2021 disclosed net current assets of £1,516 (2020/21 £9,925) and retained a loss for the year of £8,408 (2020/21 loss £15,887).

Glossary

Term	Definition
2021/22	This refers to the period covered by these accounts – 1 st April 2021 to 31 st March 2022
2020/21	This refers to the prior year financial period for comparative purposes – 1 st April 2020 to 31 st March 2021
Accounting Policies	These are a set of rules and codes of practice the Chief Constable uses when preparing the accounts.
Accruals	The accounting treatment, where income and expenditure is recorded when it is earned or incurred not when the money is received or paid.
Actuarial Gains and Losses	For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because: <ul style="list-style-type: none"> • Events have not coincided with the actuarial assumptions made in the last valuation; or • The actuarial assumptions have changed.
Amortisation	This is the measure of the wearing out, consumption or other reduction in the useful life of Intangible assets.
Balance Sheet	This shows the value of the assets and liabilities recognised by the Chief Constable. The net assets of the Chief Constable (assets less liabilities) are matched by the reserves held by the Chief Constable.
Capital Adjustment Account	An account which accumulates (on the debit side) the write-down of the historic cost of fixed assets as they are consumed by depreciation and impairments, or written off on disposal, and (on the credit side) the resources that have been set aside to finance capital expenditure.
Capital Expenditure	Expenditure on the acquisition and 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 fixed assets, which can only be used to finance new capital expenditure or repay outstanding debt on assets financed from loans. Usable capital receipts are those capital receipts which are not set aside for specific purposes but are available to be used for any capital purchases.
Carrying Value	The carrying value of an asset or a liability 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.
Comprehensive Income and Expenditure Statement (CIES)	This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.
Consumer Price Index (CPI)	Official measure of the general level of inflation as reflected in the retail price of goods and services – excludes mortgage interest payments, council tax and other housing costs.
Contingent Liabilities or Assets	These are the amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which a provision has not been made in the Chief Constables accounts.
Creditors	Individuals or organisations to which the Chief Constable owes money at the end of the financial year split short-term (within 12 months) and long-term.
Current Assets	Current assets are items that can be readily converted into cash. By convention the items are ordered by reference to the ease that such conversion into cash can be carried out.
Current Liabilities	Current liabilities are items that are due immediately or in the short – term.
Current Service Cost (pensions)	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.
Curtailment	Changes in liabilities relating respectively to actions that relieve the employer of primary responsibility for a pension obligation (e.g. a group of employees being transferred to another scheme) or events that reduce the expected years of future service of employees or reduce the accrual of defined benefits over their future service for some employees (e.g. closing a business unit).
Debtors	Individuals or organisations that owe the Chief Constable money at the end of the financial year split short-term (within 12 months) and long-term. Note all Trade Debtors are recorded in the PCC Group Balance Sheet.
Defined Benefit Scheme	A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The schemes may be funded or unfunded.
Defined Contribution Scheme	A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.
Depreciation	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.
Finance Lease	A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.
Financial Instrument	Any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A derivative financial instrument is a financial contract that derives its value from changes in underlying assets or indices.

OFFICIAL SWYDDOGOL

Fixed Assets	These are items such as land, buildings, vehicles and major items of equipment, which give benefit to the Chief Constable over more than one year. Note all Fixed Assets are held by the PCC.
FRS	Financial Reporting Standards, as agreed by the UK and International accountancy profession and the Accounting Standards Board. These include Statements of Standard Accounting Practice (SSAPs) and International Financial Reporting Standards (IFRS).
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. All Reserves including the General Fund are held by the PCC.
Group	The term refers to the merger of Office of the Police and Crime Commissioner and the Chief Constable.
Impairment	A reduction in the value of a fixed asset, below the carrying amount in the balance sheet. Factors include evidence of obsolescence or physical damage to the asset.
Intangible Assets	These are assets that do not have physical substance but are identifiable and controlled by the Chief Constable. Examples include software, licenses and patents. Note all Intangible Assets are held by the PCC.
Interest Cost (Pensions)	For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.
Inventories	Amounts of unused or unconsumed stocks held in expectation of future use at the Balance Sheet date.
Leasing Costs	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 Chief Constable is statutorily required to set aside from revenue funds to meet the repayment of borrowing undertaken to support capital investment. Note that this provision is made by the PCC.
Movement in Reserve Statement	This financial statement presents the movement in usable and unusable reserves.
Net Book Value (NBV)	The amount at which fixed assets are included in the balance sheet i.e. their historical cost or current value less the cumulative amounts provided for depreciation.
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.
Operating Lease	An operating lease involves the lessee paying a rental for the hire of an asset for a period of time that is substantially less than its useful economic life. The lessor retains most of the 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 nd November 2012 under the Police and Social Responsibility Act 2011. Also referred to as the Office of the Police and Crime Commissioner.
Private Finance Initiative (PFI)	A Central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance.
Precept	The amount levied and collected by the five Gwent Authorities (Newport, Caerphilly, Blaenau Gwent, Monmouthshire and Torfaen) and paid over to the PCC Group.
Provisions	The Chief Constable may set aside amounts as provisions to meet liabilities or losses that are likely to arise in the future. Any provisions made are recorded in the PCC Group Statement of Accounts.
Public Works Loan Board (PWLb)	This is the Public Works Loan Board, which is an organisation financed by the Government. It lends money to police authorities on set terms so that they can buy capital items.
Related Parties	Central Government, Local Authorities (precepting), subsidiary and associated companies. Elected members, senior officers from Director and above and the Pension Funds. For individuals identified as related parties: members of the close family, or the same household; and partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.
Reserves	Balances that represent resources set aside for purposes such as general contingencies and cash flow management. Earmarked reserves are those set aside for specific policy purposes. The Movement in Reserve Statement shows the movement in the year on the reserves held by the Chief Constable. Note the Chief Constable does not hold Reserves. These come under the control of the PCC.
Revaluation Reserve	An amount representing the accumulated gains on the fixed assets held by the Chief Constable 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. Note that all Reserves are owned by the PCC.
Retail Price Index (RPI)	Official measure of the general level of inflation as reflected in the retail price of a basket of goods and services, including mortgage costs, council tax and other household costs.
Revenue Budget	The estimate of annual income and expenditure requirements, which sets out the financial implications of the PCC Group policies and the basis of the annual precept to be levied on collection funds.
Revenue Support Grant (RSG)	A general government grant in support of local authority expenditure (including Police and Crime Commissioners) and fixed each year in relation to spending levels.
Senior Staff	A police officer or police staff 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 Code	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.