



CHIEF CONSTABLE FOR GWENT

STATEMENT OF ACCOUNTS

2021 | 2022



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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 separately alongside 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;
- **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.

No separate Expenditure and Funding Analysis (EFA) is presented for the Chief Constable as it would provide an incomplete picture of the required disclosures. The Group EFA is presented on page 12 of the Police and Crime Commissioner for Gwent Group Financial Statements and shows the complete analysis as required. 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 £186.299m (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 £220.004m (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 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.

Following a revaluation of public sector pensions, police forces are facing increased police officer pensions costs of around £330m per annum from 2019/20 onwards. As part of the 2016 Pension Valuation, HM Treasury have announced Public Sector Pension Valuation 'Directions', which serve to increase the Employer's Contribution rate from 2019/20 for Public Sector Pension Schemes (including the Police Pension Scheme). The main change is the reduction to the 'discount rate', which is used to convert future pension payments into present day value. This rate reflects the Office for Budget Responsibility's view on the national economic outlook, which in turn reflected a particularly uncertain period prior to Brexit. There remained an overall shortfall of funding from Government of around £13m nationally at the time. With Police Officers and Police Staff receiving a 2.5% pay award in September 2020, coupled with a significant number of Gwent Police Officers being new to the Police Service and therefore receiving pay increments, the estimated pension shortfall (assuming flat cash pension grant) has risen by £0.605m to £1.703m in 2021/22 and by a further £0.761m to £2.464m for 2022/23. This shortfall has been met from a contribution from reserves and committed funds and not from Council Tax Precept in 2021/22. We have assumed in future years' forecasts that the Specific Pension Grant will be recurrently provided to meet the recurrent pension costs, but this is not yet certain.

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 Police Uplift Programme (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 2026/27/26 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

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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 Date: 28th July 2022

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; and
 - Gwent Police Pension Fund
- for the year ended 31 March 2022 under the Public Audit (Wales) Act 2004.

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

The Gwent Police Pension Fund financial statements comprise the Fund Account, the Net Assets Statement and related notes

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

In my opinion the financial statements:

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

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Chief Constable of Gwent 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 of Gwent and the Gwent Police Pension Fund's 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;
- The information given in the joint Annual Governance Statement of the Police and Crime Commissioner for Gwent and the Chief Constable for Gwent 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 Chief Constable of Gwent 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, the responsible financial officer is responsible for the preparation of the statement of accounts, and the Gwent Police Pension Fund, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Chief Constable of Gwent 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, the Chief Constable of Gwent and his head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Chief Constable of Gwent and the Gwent Police Pension Fund policies and procedures concerned with:

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

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

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

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

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Chief Constable of Gwent 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 the Chief Constable of Gwent 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.

Ann-Marie Harkin

For and on behalf of the Auditor General for Wales

29 July 2022

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: 28th July 2022

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: 28th July 2022

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		Expenditure	Income	Net
£'000	£'000	£'000	Notes	£'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		26,789	0	26,789
412	0	412		371	0	371
186	0	186		177	0	177
163,527	0	163,527		186,299	0	186,299
0	(196,107)	(196,107)	8	0	(220,004)	(220,004)
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		223,197	(223,197)	0
		199,846	17			(13,624)
		(199,846)				13,624
		0				0
		0				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
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-authorized 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-authorized 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

Net Asset Statement

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.

No separate Expenditure and Funding Analysis (EFA) is presented for the Chief Constable as it would provide an incomplete picture of the required disclosures. The Group EFA is presented on page 12 of the Police and Crime Commissioner for Gwent Group Financial Statements and shows the complete analysis as required. 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.

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

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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.

1.9 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

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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. The changed standards are:

- IFRS 16 – Leases, issued in January 2019. The standard has been adopted but implementation of this standard has been deferred to the 2024/25 Code;
- Annual improvements to IFRS Standards 2018-2020. The annual IFRS improvement programme notes 4 changed standards:
 - i) IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS;
 - ii) IAS 37 (Onerous contracts) – clarifies the intention of the standard;
 - iii) IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material; and
 - iv) IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.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.
- IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use (Amendment).

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	<p>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> <p>Further information on Pension Asset and Liabilities is provided in Note 17.</p>	<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 separate additional 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)	186,299	172,295
(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	220,004	(220,004)	0
167,440	0	167,440	Total	185,103	0	185,103
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	14,857	0	0	0	4,019	95,087	23,625	118,712
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.

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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 Post Related 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
41	Fees payable to external auditors with regard to external audit 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 12 – 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 20 – 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." A second set of litigation (Penningtons) has yet to be considered and settled. As a result, no liability has been recognised by the Commissioner or Chief Constable in the 2021/22 accounts for the Aarons and Penningtons litigation.

The Public Service Pensions and Judicial Offices Act 2022 (PSPJOA 2022) legislates for how the government will remove the discrimination identified by the courts in the way that the 2015 reforms were introduced for some members.

The main elements of the Act are:

- Changes implemented across all the main public service pension schemes in response to the Court of Appeal judgment in the McCloud and Sargeant cases:
- Eligible members of the main unfunded pension schemes have a choice of the benefits they wish to take for the "remedy period" of April 2015 to 31 March 2022.
- From 1 April 2022, when the remedy period ends, all those in service in main unfunded schemes will be members of the reformed pension schemes, ensuring equal treatment from that point on.
- Ensures there are no reductions to member benefits as a result of the 2016 cost control valuations.

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 impact of an increase in scheme liabilities arising from McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2023/24, although this timetable is subject to change. The impact of an increase in annual pension payments arising from McCloud/Sargeant is determined through the Police Pension Fund Regulations 2007. They 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:

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- (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.

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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	Current service cost	15,389	37,670	53,059
59	0	59	Past service cost	158	0	158
	13	13	Transfers In	0	310	310
0	0	0	(Gain) / loss from curtailments	0	0	0
0	0	0	(Gain) / loss from settlements and / or transfers	0	0	0
122	0	122	Administration expenses	136	0	136
			Other Operating Expenditure:	0	0	0
			Financing and Investment Income and Expenditure	0	0	0
1,620	30,960	32,580	Net interest expense	2,285	31,420	33,705
10,365	62,843	73,208	Total charged to Surplus and Deficit on Provision of Services	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

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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 £'000	Restated £'000	Restated £'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

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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%	24,030	14.05%
Investment Funds and Unit Trusts	129,285	82.00%	142,154	83.13%
Real Estate	3,977	3.00%	3,914	2.29%
Cash and Cash Equivalents	1,389	1.00%	906	0.53%
Total	158,024	100%	171,004	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%

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Change in Assumptions

	Police Pension		Local Government		Local Government	
	Approximate increase/(decrease) in assumption		Approximate % increase to Employer Liability	Approximate monetary amount	Approximate % increase to Employer Liability Chief Constable	Approximate monetary amount Chief Constable
	%	£'000	PCC %	PCC £'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.

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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 / CTSTFO)	Joint Procurement	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Share of service benefit											
2020/21											
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.
Curtailement	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.

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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 Load 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.