



# POLICE AND CRIME COMMISSIONER FOR GWENT GROUP

## 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 Police and Crime Commissioner for Gwent (Commissioner), 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 of the Commissioner.

The accountability for public resources and the roles and responsibilities of 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 (PRSR) 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 (Commissioner Group) and the Police Pension Fund. The Commissioner is therefore responsible for the finances of the Commissioner Group and controls the assets, liabilities and reserves. The Commissioner also receives all the income and funding and makes all the payments for the Commissioner Group, including payments to officers and staff, from the General Police Fund. The Commissioner is also responsible for the funding of pension liabilities, both in the short and long term. In turn the Chief Constable fulfils their functions under the PRSR 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 Chartered Institute of Public Finance and Accountancy (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 PRSR 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 Commissioner Group and single entity Commissioner Statement of Accounts for the financial year ended 31<sup>st</sup> 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 Commissioner and Group, and have been properly prepared in accordance with the Code;
- **Statement of Responsibilities** – which sets out the respective responsibilities of the Commissioner and the Chief Finance Officer 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 a Police and Commissioning service in accordance with International Accounting Standards (IAS) rather than the amount funded from Government grants and taxation;
  - **Movement in Reserves Statement** – this shows the movement in the year on the different types of reserves and committed funds held by the Commissioner and provides a reconciliation between the funding and the cost of providing services reported in the CIES;

- **Balance Sheet** – this shows the value of the assets, liabilities and reserves (net worth) of the Commissioner as at 31<sup>st</sup> March 2022;
- **Cash Flow Statement** – this summarises, the changes in cash and cash equivalents during the financial year. Cash flows are categorised as operating, investing and financing activities;
- **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, liabilities and reserves within the main accounting statements detailed above. Included within the Notes to the Financial Statements is the Expenditure and Funding Analysis. This shows how annual expenditure is used and funded from resources (government grants, council tax and business rates). It also shows how this expenditure is allocated for decision making purposes between the Commissioner Group, Chief Constable and associated services/departments.

### Financial Performance of the Commissioner Group

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

#### Revenue Income and Expenditure

The net revenue budget requirement for the year of £147.555m was approved by the Commissioner on 22<sup>nd</sup> 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 table below provides a breakdown of what this money was spent on and funded during the year.

	2021/22 %	2021/22 £m	2020/21 £m
Police officer and staff costs including pensions	78	148.3	131.0
Non- Pay costs (premises, transport, supplies and services, agency and contracted services)	22	43.2	37.6
Other service costs (depreciation, non-enhancing capital expenditure)	0	0.5	0.6
<b>Gross Expenditure of Services</b>	<b>100</b>	<b>192.0</b>	<b>169.2</b>
Less: grants and income		(19.3)	(17.2)
<b>Net Cost of Policing Services</b>		<b>172.7</b>	<b>152.0</b>
Accounting adjustments (pensions, depreciation, movements on General Fund reserves)		(25.1)	(13.0)
<b>Budget Requirement</b>		<b>147.6</b>	<b>139.0</b>
Non- ring-fenced government grants	50	73.1	67.9
Non-Domestic Rates Income	7	10.3	10.6
Council Tax	43	64.2	60.5
<b>Total Funding</b>	<b>100</b>	<b>147.6</b>	<b>139.0</b>

Further analysis of how annual expenditure is used and funded can be found in the Expenditure and Funding Analysis (EFA) in the Financial Statements.

Savings arose through anticipated recurrent savings from the acceleration of efficiency schemes via the Force's Service Improvement Programme, the timing and application of government grants and reduced spend against demand led budgets. This was transferred to Usable Reserves. Usable Reserves at the end of the year after these transfers were £33.720m (2020/21 £42.227m). Usable Reserves are the General Fund and those other committed funds set aside from the General Fund to provide financing for future capital and revenue expenditure plans, for example the replacement of the current Police Headquarters. Notes 9 and 23 to the Financial Statements provides more information on this.

### Capital Expenditure and Capital Financing

During 2021/22, capital expenditure was £17.3m against a revised capital budget of £29.7m. This represents money spent for the purpose of purchasing, upgrading and improving assets such as property; vehicles; and computer and communications equipment. Capital expenditure was financed by reserves, specific grant, capital receipts and revenue contributions, and is summarised below:

	2021/22 %	2021/22 £m	2020/21 £m
Land and buildings	0	0.0	0.1
Vehicles, plant, furniture & equipment	25	4.3	1.7
Assets under construction	73	12.6	14.1
Intangible assets	2	0.4	0.1
<b>Total</b>	<b>100</b>	<b>17.3</b>	<b>16.0</b>

There are ongoing works associated primarily with the building of a new headquarters and the associated relocation which will be concluded in future financial years. The funding for these projects is significant and the funding for these is included within earmarked Capital Reserves.

### Balance sheet

The table below is a summary of the Commissioner Group's balance sheet as at 31<sup>st</sup> March 2022. It summarises the Group's assets, liabilities and reserves.

	2021/22 £m	2020/21 £m
Tangible assets (Property, vehicles, plant furniture and equipment)	65.6	47.3
Intangible assets (Computer software)	0.3	0.2
Assets held for sale and long-term debtors	0.0	0.2
Stocks	0.5	0.5
Debtors (money owed to Gwent Police)	17.0	14.1
Creditors (money owed by Gwent Police)	(18.2)	(15.2)
Temporary investments and deposits	32.0	36.1
Cash and cash equivalents	1.4	6.2
Provisions	(1.7)	(1.5)
Other long-term liabilities	(1,713.8)	(1,685.5)
Less: Unusable reserves	1,650.6	1,639.8
<b>Total assets less liabilities</b>	<b>33.7</b>	<b>42.2</b>
<b>Financed by:</b>		
Usable reserves	(33.7)	(42.2)
	<b>(33.7)</b>	<b>(42.2)</b>

### Capital Borrowing and the Repayment of Debt

No new loans were taken up in respect of approved capital expenditure during the year and following the early settlement of all loan debt in previous financial years, meant that there was no loan debt outstanding at 31<sup>st</sup> March 2022.

### 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, which 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 £1,685.5m to £1,713.8m, 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 out-dated, 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 was forecast to be £13.670m. Further savings had therefore been targeted, resulting in a net funding deficit after efficiencies of £9.341m by 2026/27.

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

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

**Signed:**

**Darren Garwood-Pask FCCA**  
**Chief Finance Officer**  
**Date: 28<sup>th</sup> July 2022**



## Independent Auditor's Report

### **The Independent auditor's report of the Auditor General for Wales to Police and Crime Commissioner for Gwent Report on the audit of the financial statements**

I have audited the financial statements of:

- Police and Crime Commissioner for Gwent;
- Police and Crime Commissioner for Gwent Group which comprise the Police and Crime Commissioner for Gwent and the Chief Constable of Gwent Police
- Gwent Police Pension Fund

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

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

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

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

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

In my opinion the financial statements:

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

#### **Basis of opinion**

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

#### **Conclusions relating to going concern**

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

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Police and Crime Commissioner for Gwent, the Police and Crime Commissioner for Gwent Group 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 Police and Crime Commissioner for Gwent, the Police and Crime Commissioner for Gwent Group 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, including the Police and Crime Commissioner for Gwent' Group financial statements 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 Police and Crime Commissioner for Gwent, the Police and Crime Commissioner for Gwent Group 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 Police and Crime Commissioner for Gwent and his head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Police and Crime Commissioner for Gwent, the Police and Crime Commissioner for Gwent Group and the Gwent Police Pension Fund policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and

- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and bias when calculating accounting estimates;
- Obtaining an understanding of Police and Crime Commissioner for Gwent, the Police and Crime Commissioner for Gwent Group and the Gwent Police Pension Fund's framework of authority as well as other legal and regulatory frameworks that the Police and Crime Commissioner for Gwent and the Police and Crime Commissioner for Gwent Group 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 Police and Crime Commissioner for Gwent, the Police and Crime Commissioner for Gwent Group 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 Police and Crime Commissioner for Gwent, the Police and Crime Commissioner for Gwent Group 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

#### **Certificate of completion of audit**

I certify that I have completed the audit of the accounts of the Police and Crime Commissioner for Gwent, the Police and Crime Commissioner for Gwent Group 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

24 Cathedral Road

For and on behalf of the Auditor General for Wales

Cardiff

29 July 2022

CF11 9LJ

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

## Statement of Responsibilities

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

### The Commissioner's Responsibilities

The Commissioner is required to:

- (i) Make arrangements for the proper administration of his financial affairs and to ensure that one of his officers has the responsibility for the administration of those affairs, in line with statute this is the Section 151 Officer;
- (ii) Manage his affairs to secure economic, efficient and effective use of resources and safeguard his assets; and
- (iii) Approve the Statement of Accounts.

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

**Signed:**

**Jeff Cuthbert**  
**Police and Crime Commissioner for Gwent**  
**Date: 28<sup>th</sup> July 2022**

### Chief Finance Officer's Responsibilities

The Chief Finance Officer (Section 151 Officer) is responsible for the preparation of the Statement of Accounts, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain (The Code of Practice).

In preparing the statement of accounts, the Chief Finance Officer 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 Chief Finance Officer 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 Commissioner at 31<sup>st</sup> March 2022 and his income and expenditure for the period then ended.

**Signed:**  
(by Responsible Financial Officer)

**Signed:**  
(prior to the approval of the Police  
and Crime Commissioner)

**Date: 31<sup>st</sup> May 2022**  
**Darren Garwood-Pask FCCA**  
**Chief Finance Officer**

**Date: 28<sup>th</sup> July 2022**  
**Darren Garwood-Pask FCCA**  
**Chief Finance Officer**

## Expenditure and Funding Analysis

The Expenditure and Funding Analysis (EFA) shows how annual expenditure is used and funded from resources (government grants, income, council tax and business rates) by the PCC Group in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the PCC Group, Chief Constable and associated services/departments. Income and expenditure is presented more fully in the CIES. Further detail in Note 7.

2020/21			2021/22			
Net Expenditure Chargeable to the General Fund Balance	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund Balance	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement	
£'000	£'000	£'000	£'000	£'000	£'000	
72,080	14,670	86,750	Police Officer Salaries and Allowances	74,505	18,037	92,542
32,554	4,107	36,661	Police Staff and PCSO Salaries and Allowances	35,968	10,542	46,510
2,541	(20)	2,521	Police Officer Overtime and Enhancements	3,158	(26)	3,132
1,610	0	1,610	Police Staff and PCSO Overtime and Enhancements	1,826	0	1,826
3,274	197	3,471	Other Employee Related Costs	3,651	608	4,259
5,685	623	6,308	Premises Costs	6,679	(211)	6,468
2,646	1,197	3,843	Transport Costs	3,057	1,362	4,419
24,234	3,174	27,408	Supplies and Services	28,027	4,315	32,342
412	0	412	Major Incident Schemes	371	0	371
181	0	181	Proactive Operational Initiatives	177	0	177
(19,158)	1,940	(17,218)	Other Income	(19,405)	69	(19,336)
964	(964)	0	Contribution to Police Computer Co.	1,184	(1,184)	0
18,873	(18,873)	0	Other Approved Revenue Requirements	17,990	(17,990)	0
<b>145,896</b>	<b>6,051</b>	<b>151,947</b>	<b>Cost of Services</b>	<b>157,188</b>	<b>15,522</b>	<b>172,710</b>
(142,016)	17,885	(124,131)	Other Income and Expenditure	(150,878)	16,942	(133,936)
<b>3,880</b>	<b>23,936</b>	<b>27,816</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>6,310</b>	<b>32,464</b>	<b>38,774</b>
(43,609)			Opening Combined General Fund Balance	(39,729)		
3,880			Plus / less (Surplus)/Deficit on the General Fund Balance for the Year (Statutory basis)	6,310		
<b>(39,729)</b>			<b>Closing Combined General Fund Balance</b>	<b>(33,419)</b>		

## Comprehensive Income and Expenditure Statement

Group		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	
36,661	0	36,661		46,510	0	46,510	
2,521	0	2,521		3,132	0	3,132	
1,610	0	1,610		1,826	0	1,826	
3,471	0	3,471		4,259	0	4,259	
6,308	0	6,308		6,468	0	6,468	
3,843	0	3,843		4,419	0	4,419	
27,408	0	27,408		32,342	0	32,342	
412	0	412		371	0	371	
181	0	181		177	0	177	
0	(17,218)	(17,218)		0	(19,336)	(19,336)	
0	0	0		0	0	0	
0	0	0		0	0	0	
0	0	0		0	0	0	
<b>169,165</b>	<b>(17,218)</b>	<b>151,947</b>	<b>Cost of Services</b>	<b>192,046</b>	<b>(19,336)</b>	<b>172,710</b>	
0	(16,898)	(16,898)	<b>10</b>	383	(20,365)	(19,982)	
35,505	(3,114)	32,391	<b>11</b>	37,102	(3,381)	33,721	
0	(139,624)	(139,624)	<b>12</b>	0	(147,675)	(147,675)	
<b>204,670</b>	<b>(176,854)</b>	<b>27,816</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>229,531</b>	<b>(190,757)</b>	<b>38,774</b>	
		0	<b>24</b>			(5,179)	
		201,190	<b>36</b>			(14,704)	
		<b>201,190</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(19,883)</b>	
		<b>229,006</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>18,891</b>	

## Comprehensive Income and Expenditure Statement

OPCC

2020/21

2021/22

Expenditure	Income	Net		Expenditure	Income	Net
£'000	£'000	£'000	Notes	£'000	£'000	£'000
0	0	0	Police Officer Salaries and Allowances	0	0	0
1,107	0	1,107	Police Staff and PCSO Salaries and Allowances	1,325	0	1,325
0	0	0	Police Officer Overtime and Enhancements	0	0	0
0	0	0	Police Staff and PCSO Overtime and Enhancements	0	0	0
7	0	7	Other Employee Related Costs	14	0	14
6	0	6	Premises Costs	(1,148)	0	(1,148)
6	0	6	Transport Costs	3	0	3
4,517	0	4,517	Supplies and Services	5,553	0	5,553
0	0	0	Major Incident Schemes	0	0	0
(5)	0	(5)	Proactive Operational Initiatives	0	0	0
0	(17,218)	(17,218)	Other Income	0	(19,336)	(19,336)
0	0	0	Contribution to Police Computer Co.	0	0	0
0	0	0	Capital Charges	0	0	0
0	0	0	Other Approved Revenue Requirements	0	0	0
<b>5,638</b>	<b>(17,218)</b>	<b>(11,580)</b>	<b>Cost of Services</b>	<b>5,747</b>	<b>(19,336)</b>	<b>(13,589)</b>
196,107	0	196,107	Intra- Group Funding Transfer	220,004		220,004
0	(16,898)	(16,898)	<b>10</b> Other Operating Expenditure	383	(20,365)	(19,982)
167	(356)	(189)	Financing and Investment Income and Expenditure	204	(188)	16
0	(139,624)	(139,624)	<b>12</b> Taxation and Non Specific Grant Income	0	(147,675)	(147,675)
<b>201,912</b>	<b>(174,096)</b>	<b>27,816</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>226,338</b>	<b>(187,564)</b>	<b>38,774</b>
		0	<b>24</b> (Surplus)/Deficit on revaluation of Property, Plant & Equipment			(5,179)
		1,344	<b>36</b> Remeasurement of the net defined benefit liability / asset			(1,080)
		199,846	Intra- Group Funding Transfer			220,004
		<b>201,190</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>213,745</b>
		<b>229,006</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>252,519</b>

## Balance Sheet

31 March 2021			31 March 2022		
OPCC	Group			OPCC	Group
£'000	£'000	Notes		£'000	£'000
47,314	47,314	13	Property, Plant and Equipment	65,544	65,544
246	246	14	Intangible Assets	314	314
51	51		Long-Term Debtors	31	31
<b>47,611</b>	<b>47,611</b>		<b>Long Term Assets</b>	<b>65,889</b>	<b>65,889</b>
36,081	36,081	16	Short-Term Investments	32,032	32,032
181	181	20	Assets Held for Sale	0	0
0	451	17	Inventories	0	522
14,131	14,131	18	Short-Term Debtors	16,938	16,938
6,239	6,239	19	Cash and Cash Equivalents	1,414	1,414
<b>56,632</b>	<b>57,083</b>		<b>Current Assets</b>	<b>50,384</b>	<b>50,906</b>
(14,780)	(15,231)	21	Short-Term Creditors	(17,673)	(18,195)
(1,537)	(1,537)	22	Provisions	(1,720)	(1,720)
<b>(16,317)</b>	<b>(16,768)</b>		<b>Current Liabilities</b>	<b>(19,393)</b>	<b>(19,915)</b>
(1,680,744)	0	21	Long-Term Creditors	(1,709,788)	0
(4,710)	(1,685,454)	36	Other Long-Term Liabilities	(4,017)	(1,713,805)
<b>(1,685,454)</b>	<b>(1,685,454)</b>		<b>Long Term Liabilities</b>	<b>(1,713,805)</b>	<b>(1,713,805)</b>
<b>(1,597,528)</b>	<b>(1,597,528)</b>		<b>Net Assets</b>	<b>(1,616,925)</b>	<b>(1,616,925)</b>
(42,227)	(42,227)	23	Usable Reserves	(33,720)	(33,720)
1,639,755	1,639,755	24	Unusable Reserves	1,650,645	1,650,645
<b>1,597,528</b>	<b>1,597,528</b>		<b>Total Reserves</b>	<b>1,616,925</b>	<b>1,616,925</b>



Movement in Reserves Statement for the PCC Group 2021/22

Group

	Notes	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2021</b>		(9,306)	(30,423)	(2,498)	<b>(42,227)</b>	1,639,755	<b>1,597,528</b>
<b>Movement in reserves during 2021/22</b>							
(Surplus)/Deficit on the provision of services		38,774	0	0	<b>38,774</b>	0	<b>38,774</b>
Other Comprehensive Income / Expenditure		0	0	0	<b>0</b>	(19,883)	<b>(19,883)</b>
<b>Total Comprehensive Income and Expenditure</b>		<b>38,774</b>	<b>0</b>	<b>0</b>	<b>38,774</b>	<b>(19,883)</b>	<b>18,891</b>
Adjustments between accounting basis and funding basis under regulations	<b>8</b>	(32,970)	0	2,197	<b>(30,773)</b>	30,773	<b>0</b>
Other Reserve Transfers		506	0	0	<b>506</b>	<b>0</b>	<b>506</b>
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>		<b>6,310</b>	<b>0</b>	<b>2,197</b>	<b>8,507</b>	<b>10,890</b>	<b>19,397</b>
Transfers to / from Earmarked Reserves	<b>9</b>	(2,153)	2,153	0	<b>0</b>	0	<b>0</b>
<b>Increase or Decrease in 2021/22</b>		<b>4,157</b>	<b>2,153</b>	<b>2,197</b>	<b>8,507</b>	<b>10,890</b>	<b>19,397</b>
<b>Balance at 31 March 2022</b>		<b>(5,149)</b>	<b>(28,270)</b>	<b>(301)</b>	<b>(33,720)</b>	1,650,645	<b>1,616,925</b>

## Movement in Reserves Statement for the PCC Group 2020/21

## Group

	Notes	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
<b>Balance at 31 March 2020</b>		(9,085)	(34,524)	(2,498)	(46,107)	1,414,253	1,368,146
<b>Movement in reserves during 2020/21</b>							
Surplus or deficit on the provision of services		27,816	0	0	27,816	0	27,816
Other Comprehensive Income / Expenditure		0	0	0	0	201,190	201,190
<b>Total Comprehensive Income and Expenditure</b>		<b>27,816</b>	<b>0</b>	<b>0</b>	<b>27,816</b>	<b>201,190</b>	<b>229,006</b>
Adjustments between accounting basis and funding basis under regulations	8	(24,312)	0	0	(24,312)	24,312	0
Other Reserve Transfers		376	0	0	376	0	376
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>		<b>3,880</b>	<b>0</b>	<b>0</b>	<b>3,880</b>	<b>225,502</b>	<b>229,382</b>
Transfers to / from Earmarked Reserves	9	(4,101)	4,101	0	0	0	0
<b>Increase or Decrease in 2020/21</b>		<b>(221)</b>	<b>4,101</b>	<b>0</b>	<b>3,880</b>	<b>225,502</b>	<b>229,382</b>
<b>Balance at 31 March 2021</b>		<b>(9,306)</b>	<b>(30,423)</b>	<b>(2,498)</b>	<b>(42,227)</b>	<b>1,639,755</b>	<b>1,597,528</b>

## Cash Flow Statement

2020/21			2021/22
£'000	Notes		£'000
27,816		Net (surplus) or deficit on the provision of services	38,774
(37,745)	25	Adjustment to surplus or deficit on the provision of services for noncash movements	(47,815)
178	25	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	569
<b>(9,751)</b>		<b>Net cash flows from operating activities</b>	<b>(8,472)</b>
9,327	26	Net cash flows from investing activities	13,297
0		Net cash flows from financing activities	0
<b>(424)</b>		<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>4,825</b>
5,815	19	Cash and cash equivalents at the beginning of the reporting period	6,239
<b>6,239</b>		<b>Cash and cash equivalents at the end of the reporting period</b>	<b>1,414</b>

## 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
<b>Contributions Receivable:</b>	
(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)
<b>(23,297) Net Income</b>	<b>(24,161)</b>
<b>Benefits Payable:</b>	
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
<b>38,838 Net Expenditure</b>	<b>44,526</b>
<b>15,541 Net Amount Payable for the Year</b>	<b>20,365</b>
(15,541) Additional Contribution from the Police & Crime Commissioner	(20,365)
<b>0 (Surplus)/Deficit on Fund</b>	<b>0</b>

**Net Asset Statement**

31 March 2021 £'000	31 March 2022 £'000
<b>Current Assets:</b>	
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	0
<b>Current Liabilities:</b>	
0 Provision for Backdated Lump Sums	0
(4,862) Overdrawn Pension Cash Position	(1,795)
(433) Unpaid Pension Benefits	(6,220)
<b>0 Total</b>	<b>0</b>

**Notes to the Police Pension Fund Account**

- The accounting policies followed and assumptions made regarding the Police Pensions Account are in line with those set out in Note 1, Accounting Policies;
- The Police Pension Scheme was administered by Capita Plc. up to 30<sup>th</sup> June 2021. From 1<sup>st</sup> July 2021 the Police Pension Scheme is administered by XPS under contract;
- 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
- The Pension Fund's financial statements do not take account of future pension obligations after the 31<sup>st</sup> March 2022. However, these are presented on the Balance Sheet under Net Pension Liability with detailed disclosures in Note 36, Defined Benefit Pension Schemes.

## Notes to the Financial Statements of the PCC Group

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 PCC Group transactions for the 2021/22 financial year and its position at the year-end of 31<sup>st</sup> March 2022. The PCC Group is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the UK 2021/22 and the CIPFA Service Reporting Code of Practice 2021/22, supported by International Financial Reporting Standards (IFRS).

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

#### 1.2 Charges to Revenue for Non-Current Assets

The cost of Police Services is debited with the following to record the cost of holding fixed assets during the year:

Depreciation attributable to the assets used by the relevant service;

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

Amortisation of intangible fixed assets attributable to the service.

The charges to revenue for the above are charged via an intra-group funding adjustment to the Chief Constable's Net Cost of Services.

The PCC Group is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the PCC in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision (MRP) or loans fund principal), by way of an adjusting transaction with the Capital Adjustment Account (Unusable Reserve) in the Movement in Reserves Statement for the difference between the two.

#### 1.3 Accruals of Income and Expenditure

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

- (i) Revenue from the sale of goods is recognised when the PCC Group transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the PCC Group;
- (ii) Revenue from the provision of services is recognised when the PCC Group can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the PCC Group;
- (iii) 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;
- (iv) 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;
- (v) Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and
- (vi) Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

#### 1.4 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 PCC Group's financial performance.

### **1.5 Capital Receipts**

Capital receipts (arising from the disposal of capital assets) where the sale proceeds are in excess of £10,000 which have not been set aside for the redemption of debt or to finance new capital expenditure are held in the Usable Capital Receipts Reserve. Receipts appropriated to this Reserve are presented in the Movement on Reserves Statement.

### **1.6 Cash and Cash Equivalents**

Cash and cash equivalents (highly liquid investments) are represented by cash in hand, deposits and investments that have an original term of less than three months and are repayable on notice of not more than 24 hours without material penalty. In the Balance Sheet, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the PCC Group's cash management.

### **1.7 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 PCC Group. 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 PCC Group 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 PCC Group is demonstrably committed to the termination of the employment of an employee or group of employees, or making an offer to encourage voluntary redundancy, these costs are charged on an accruals basis to the respective service line in the CIES.

#### **Post-employment Benefits**

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

The PCC Group 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 PCC Group, or for related parties.

In relation to retirement benefits, statutory provisions require the Police Fund balance to be charged with the amount payable by the PCC Group 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 PCC Group provides discretionary post-employment benefits which arise from additional service and are awarded on a discretionary basis. These benefits are unfunded with costs met directly from the PCC Group's revenue account.

#### **Injury Benefits**

The PCC Group 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 CIES and are a charge against the General Police Fund balance.

### **1.8 Financial Instruments**

#### **Financial Liabilities**

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

## Financial Assets

Are classified into two types:

- (i) Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market; and
- (ii) Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

The valuation applied to loans and receivables is their carrying value, as these assets cannot be sold and hence there is no market valuation. The PCC Group does not have any available-for-sale assets.

### 1.9 Fair Value

IFRS 13 Fair Value Measurement has been adopted by the Code and applied accordingly in the Financial Statements. This IFRS seeks to increase the consistency and comparability in the fair value measurement and related disclosures.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability.

The PCC Group uses appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets:

Level 1 – quoted prices;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; or

Level 3 – unobservable inputs for the asset or liability.

### 1.10 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants, third party contributions and donations are recognised as due to the PCC Group when there is reasonable assurance that the PCC Group will comply with the conditions attached to the payments and the grants or contributions will be received.

Amounts recognised as due to the PCC Group are not credited to the CIES until conditions attached to the grant or contribution, have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

### 1.11 Inventories and Long-Term Contracts

The PCC Group 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 stocks held 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.

### 1.12 Service Expenditure Analysis and Overheads

The disclosure initiative 'Telling the Story' resulted in amendments to IAS 1 Presentation of Financial Statements.

As a result, and consistent with prior years, the Net Cost of Police Services has been reported in line with internal management reports for the PCC Group and Chief Constable. The presentation is not segmental and the costs of overheads and support services have not been re-allocated. However, the format is in accordance with the PCC Group's arrangements for accountability and financial performance.

### 1.13 Intangible Assets

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

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

Principal Asset Categories and their Useful Economic Lives	Years
Other Assets e.g. Software Licences	3 - 5

### 1.14 Property, Plant and Equipment

Property, plant and equipment are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

#### Recognition

All expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis in the accounts. The expenditure is capitalised provided that the fixed asset yields an enduring benefit to the PCC Group for a period of more than one year and that the asset value exceeds the £6,000 de-minimis level. Expenditure on maintenance is charged to the income and expenditure account.

#### Measurement

Initially fixed assets are measured at cost, comprising of the purchase price and any costs attributable to bringing the asset into use.

Assets are then carried in the Balance Sheet, using the following measurement basis:

Land and Buildings – Current Value based on Market Value (MV), Existing Use Value (EUV) or Depreciated Replacement Cost if the MV or EUV cannot be determined;

Vehicles, Plant, Furniture and Equipment – Current Value based on EUV or Depreciated Replacement Cost, if the EUV cannot be determined;

Non-Operational Surplus Assets – Measured in accordance with IFRS 13 Fair Value Measurement based on the price that would be received to sell the asset in an orderly transaction between market participants (Level 1 in the Fair Value Hierarchy) at the measurement date; and

Assets Held for Sale – The lower of carrying amount and Fair Value (based on MV or EUV), less costs to sell.

Separate valuations for land and buildings are undertaken as a minimum every five years; the last revaluation took place in 2021/22. For other classes of assets annual reviews are undertaken by the asset owners, which includes a review of the carrying amount of the asset in the Balance Sheet. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of an impairment loss previously charged to a service revenue account. The Revaluation Reserve contains revaluation gains recognised since 1<sup>st</sup> April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

#### Impairments

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

Where the loss is determined for a previously re-valued asset, it is written off against any revaluation gains held for the asset in the Revaluation Reserve, with any excess charged to the CIES. Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

#### Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful finite life. The principal asset categories and their useful economic lives, depreciated on a straight-line basis in accordance with IAS 16 Property Plant and Equipment, are:



## OFFICIAL SWYDDOGOL

Principal Asset Categories and their Useful Economic Lives	Years
Buildings	12, 35, 50, 75, 100
Land	Not Depreciated
Vehicles	5
Plant and Machinery	5 - 10
Computer Equipment (Hardware)	5 - 10
Radio Masts	15
Telephone and Radio Equipment	3 - 10
Assets Held For Sale	Not Depreciated
Non-Operational Surplus Assets	As per set Category

A recharge is made from the PCC accounts in relation to depreciation charged on the PCC's assets, to reflect the use of these assets by the Chief Constable.

### 1.15 Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Depreciation is not charged on Assets Held for Sale.

The class of Assets Held for Sale has strict criteria that need to be met before assets can be included under its heading. Where assets are not in use but do not meet these criteria they are accommodated in the Non Operational/Surplus category of Property, Plant and Equipment.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenses line in the CIES as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income & Expenditure Statement also, as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts received in excess of £10,000 are categorised as capital receipts.

The written-off value of disposals is not a charge against the Council Tax as the cost of fixed assets is fully provided under separate arrangements for capital financing. Disposal gains and losses are therefore appropriated to the Capital Adjustment Account from the Police Fund Balance in the Movement on Reserves Statement.

### 1.16 Leases

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

### 1.17 Interests in Subsidiaries, Associates and Jointly Controlled Entities including Joint Arrangements

The Code requires the PCC Group 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. With the exception of the Office of the Chief Constable for Gwent, the PCC Group does not hold any material interests in subsidiaries, associated or jointly controlled entities that require consolidation. The PCC Group's policy is to disclose as a note to the financial statements details of any related companies.

Where the PCC Group 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.

### 1.18 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 PCC Group'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.

### **1.19 Provisions, Contingent Liabilities and Contingent Assets**

In accordance with the Code of Practice the PCC Group has properly provided for liabilities known or certain to occur but for which the timing and amount are uncertain. Such provisions are included within the operating expenditure in the CIES.

#### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the PCC Group a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events, not wholly within the control of the PCC Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

#### **Contingent Assets**

A contingent asset arises where an event has taken place that gives the PCC Group a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events, not wholly within the control of the PCC Group.

Contingent liabilities and assets are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### **1.20 Reserves**

The PCC Group sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Police Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

The category of unusable reserves includes those reserves which are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the PCC Group. These reserves are explained in the relevant notes.

### **1.21 Value Added Tax (VAT)**

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

### **1.22 Events after the Reporting Period**

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

Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and

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

## 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 PCC Group 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 PCC Group 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 PCC Group 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 PCC Group's Balance Sheet as at 31<sup>st</sup> March 2022 for which there is a significant risk of material adjustments in the forthcoming financial years are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<b>Property, plant and equipment</b>	Non-current assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred. The current economic climate makes it uncertain that the PCC Group will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives of the assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset decreases. It is estimated that the annual depreciation charge for plant and equipment would increase by approximately £1.195m every year the useful lives of the PCC Group's plant and equipment asset base were reduced. Property has been omitted in the calculation this financial year, due to the revaluation carried out during 2021-22.
<b>Police pensions liability</b>	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.	<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> <p>Further information on pension scheme assets and liabilities is provided in Note 36.</p>
<b>Accumulated Absences</b>	Estimation of the liability with respect to untaken annual leave, flexi balances, rest days for recovery and overtime on the card requires the use of sampling techniques to form a reliable estimate of the outstanding liability. Sample size and methodology can all impact on the final estimated liability.	The effect of a 1% increase in untaken accumulated absences results in a £0.027m increase in the estimated liability.
<b>Arrears</b>	At 31 <sup>st</sup> March 2022, the PCC Group had a balance of Sundry Debtors of £0.966m. A review of historical levels of debt that have had to be written off in previous years suggested that a year-end provision for bad debts of £0.006m was required.	A 1% increase in the average amount of debts requiring write off would require no change to the bad debt provision at 31 <sup>st</sup> March 2022.

## 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 Unaudited Statement of Accounts was authorised for issue by the Chief Finance Officer on 31<sup>st</sup> May 2022. There are no adjusting or non-adjusting events.

Note 7 - Note to the Expenditure and Funding Analysis

The following note to the EFA provides a reconciliation of the EFA adjusting items and the (Surplus) or Deficit on the Police Fund. The adjustments are summarised into different categories and include adjustments for capital purposes, pensions and other differences. Other differences include disclosure adjustments between amounts reported to management and those reported in the CIES under generally accepted accounting practices. These adjustments are also disclosed in Note 8 – Adjustments between Accounting Basis and Funding Basis.

	2021/22			
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Police Officer Salaries and Allowances	0	29,380	(11,343)	18,037
Police Staff and PCSO Salaries and Allowances	0	13,067	(2,525)	10,542
Police Officer Overtime and Enhancements	0	0	(26)	(26)
Police Staff and PCSO Overtime and Enhancements	0	0	0	0
Other Employee Related Costs	0	608	0	608
Premises Costs	(211)	0	0	(211)
Transport Costs	1,368	0	(6)	1,362
Supplies and Services	2,358	0	1,957	4,315
Major Incident Schemes	0	0	0	0
Proactive Operational Initiatives	0	0	0	0
Other Income	148	0	(79)	69
Contribution to Police Computer Co.	0	0	(1,184)	(1,184)
Other Approved Revenue Requirements	(14,667)	0	(3,323)	(17,990)
<b>Net Cost of Services</b>	<b>(11,004)</b>	<b>43,055</b>	<b>(16,529)</b>	<b>15,522</b>
Other Income and Expenditure	(120)	0	17,062	16,942
<b>Difference between the Statutory Charge and the Surplusor Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>(11,124)</b>	<b>43,055</b>	<b>533</b>	<b>32,464</b>

	2020/21			
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Police Officer Salaries and Allowances	0	30,650	(15,980)	14,670
Police Staff and PCSO Salaries and Allowances	0	5,913	(1,806)	4,107
Police Officer Overtime and Enhancements	0	0	(20)	(20)
Police Staff and PCSO Overtime and Enhancements	0	0	0	0
Other Employee Related Costs	0	197	0	197
Premises Costs	623	0	0	623
Transport Costs	1,201	0	(4)	1,197
Supplies and Services	1,396	0	1,778	3,174
Major Incident Schemes	0	0	0	0
Proactive Operational Initiatives	0	0	0	0
Other Income	58	0	1,882	1,940
Contribution to Police Computer Co.	0	0	(964)	(964)
Other Approved Revenue Requirements	(15,848)	0	(3,025)	(18,873)
<b>Net Cost of Services</b>	<b>(12,570)</b>	<b>36,760</b>	<b>(18,139)</b>	<b>6,051</b>
Other Income and Expenditure	(152)	0	18,037	17,885
<b>Difference between the Statutory Charge and the Surplusor Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>(12,722)</b>	<b>36,760</b>	<b>(102)</b>	<b>23,936</b>

## Note 8 - Adjustments between Accounting Basis and Funding Basis under Regulations

The note below details the adjustments that are made to the total CIES recognised by the PCC Group in the year in accordance with proper accounting practice, in order to determine the resources that are specified by statutory provisions as being available to the PCC Group to meet future capital and revenue expenditure.

2021/2022	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
<b>Adjustments to the Revenue Resources</b>				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pension cost (transferred to (or from) the Pensions Reserve)	(43,055)	0	0	(43,055)
Holiday pay (transferred to the Accumulated Absences reserve)	(655)	0	0	(655)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(4,228)	0	0	(4,228)
<b>Total Adjustments to Revenue Resources</b>	<b>(47,938)</b>	<b>0</b>	<b>0</b>	<b>(47,938)</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	301	(301)	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	14,667	0	0	14,667
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>14,968</b>	<b>(301)</b>	<b>0</b>	<b>14,667</b>
Other adjustments	0	2,498	0	2,498
<b>Total Adjustments</b>	<b>(32,970)</b>	<b>2,197</b>	<b>0</b>	<b>(30,773)</b>
<b>2020/2021</b>				
<b>Adjustments to the Revenue Resources</b>				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pension cost (transferred to (or from) the Pensions Reserve)	(36,760)	0	0	36,760
Holiday pay (transferred to the Accumulated Absences reserve)	(274)	0	0	274
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(3,127)	0	0	3,127
<b>Total Adjustments to Revenue Resources</b>	<b>(40,161)</b>	<b>0</b>	<b>0</b>	<b>40,161</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	0	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	15,849	0	0	(15,849)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>15,849</b>	<b>0</b>	<b>0</b>	<b>(15,849)</b>
Other adjustments	0	0	0	0
<b>Total Adjustments</b>	<b>(24,312)</b>	<b>0</b>	<b>0</b>	<b>24,312</b>

## Note 9 - Transfers to/from Earmarked Reserves

This note shows the amounts set aside from the PCC Group's Police Fund balances in Earmarked Reserves, to provide financing for future expenditure plans and also those used to meet Police Fund expenditure in 2021/22.

	Balance at 31 March 2020	Transfers In	Transfers Out	Balance at 31 March 2021	Transfers In	Transfers Out	Balance at 31 March 2022
		2020/21	2020/21		2021/22	2021/22	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Earmarked Reserves:</b>							
Speed Awareness	(64)	0	0	(64)	0	64	0
Future Budgetary Balance	(3,689)	0	763	(2,926)	(3,000)	0	(5,926)
PCC Commissioning Strategy	(201)	(1,588)	123	(1,666)	(576)	239	(2,003)
PCC Drug Intervention Programme	(168)	0	0	(168)	0	168	0
Workstream Specific	(3,593)	(1,807)	934	(4,466)	(166)	472	(4,160)
Pending Legal Cases	(149)	0	0	(149)	0	0	(149)
Proceeds of Crime Act	(338)	(150)	150	(338)	(150)	150	(338)
Third Party Funds	(64)	0	3	(61)	0	0	(61)
Victim Services Commissioning	(147)	0	93	(54)	0	54	0
Unspent Revenue Grants	(288)	(268)	9	(547)	(44)	184	(407)
Capital Programme Reserve	(20,216)	(420)	9,901	(10,735)	(4,640)	9,641	(5,734)
Airwave/ESN	(4,607)	(3,642)	0	(8,249)	(613)	370	(8,492)
Operation Uplift	(1,000)	0	0	(1,000)	0	0	(1,000)
<b>Total Earmarked Reserves</b>	<b>(34,524)</b>	<b>(7,875)</b>	<b>11,976</b>	<b>(30,423)</b>	<b>(9,189)</b>	<b>11,342</b>	<b>(28,270)</b>

The Earmarked or Usable Reserves held by the PCC Group are detailed below with an explanatory note regarding their use.

### Speed Awareness

This is to fund schemes in relation to raising awareness of the impact of speeding.

### Future Budgetary Balance Reserve

This will be utilised to ensure that the PCC is able to set a balanced budget between 2022/23 and 2026/27 in accordance with the PCC's medium term financial plan.

### PCC Commissioning Strategy

This is to fund the PCC's three tiered Commissioning Strategy in relation to the Positive Impact Programme, Police Community Fund and Strategic Commissioning Intentions.

### PCC Drug Intervention Programme

The Drug Intervention Programme aims to engage with drug users already within the criminal justice system in order to prevent them re-offending.

### Work-stream Specific

Used to fund such things as Breaking The Cycle, body armour replacement and taser replacement.

### Pending Legal Cases

This is to fund potential liabilities arising from present/future legal cases that may adversely affect the PCC Group.

### Proceeds of Crime Act

Holds funds that have been awarded to the PCC Group under a cash forfeiture order or confiscation order.

### Third Party Funds

This is for holding funds on behalf of Third Parties, such as the Welsh Interpretation and Translation Service.

### The Victims Servicing Commissioning Reserve

The Victims' Hub Service supports victim's needs to enable them to cope and recover.

### Unspent Revenue Grants

These are revenue grants received in the current and prior years that remain unspent.

### Capital Programme Reserve

This was renamed from Police HQ Replacement as this programme of work was completed during 2021-22. This fund will be used to fund the replacement of the capital requirements of the group.

### Airwave/ESN Reserve

This is used to fund the cyclical replacement of the Airwave Communication System used by the Force and also invest into the transition to the new Emergency Services Network (ESN).

### Operation Uplift

This is used to fund the additional cost of accelerating recruitment of additional officers under Operation Uplift



## Note 10 - Other Operating Expenditure

Other Operating Income and Expenditure reported includes all levies payable, (gains)/losses generated from in-year disposals of non-current assets and Home Office Pension Grants due to fund the Police Officer pension account deficit at 31<sup>st</sup> March 2022. These are all items which could not be allocated or apportioned to service areas.

2020/21 £'000	2021/22 £'000
0 Levies	0
(32) Gains/losses on the Disposal of Non-Current Assets	383
(16,866) Other – Police Pension Top Up Grant	(20,365)
<b>(16,898) Total Other Operating Expenditure</b>	<b>(19,982)</b>

## Note 11 - 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 £'000	2021/22 £'000
0 Interest payable and similar charges	0
32,654 Net interest on the net defined benefit liability (asset)	33,802
(263) Interest receivable and similar income	(81)
<b>32,391 Total</b>	<b>33,721</b>

## Note 12 - Taxation and Non-Specific Grant Income

All non-specific grants and contributions receivable that cannot be identified to any particular service area and therefore cannot be credited to the gross income amount relevant to a service area. In addition all capital grants and contributions are credited to non-specific grant income even if service specific.

2020/21 £'000	2021/22 £'000
(60,540) Council tax income	(64,159)
(10,590) Non-domestic rates income and expenditure	(10,266)
(68,374) Non-ringfenced government grants	(73,130)
(120) Capital grants and contributions	(120)
<b>(139,624) Total</b>	<b>(147,675)</b>

## Note 13 - Property, Plant and Equipment

Movement on Property, Plant and Equipment balances during 2021/22.

## Movements to 31 March 2022

	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>					
<b>at 1 April 2021</b>	26,784	18,429	54	18,014	<b>63,281</b>
Adjustments to cost/value & depreciation/impairment	0	0	0	0	<b>0</b>
Additions	25	4,258	0	12,578	<b>16,861</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	3,244	0	(18)	0	<b>3,226</b>
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(604)	0	0	0	<b>(604)</b>
Derecognition – disposals	(100)	(3,673)	(36)	0	<b>(3,809)</b>
Reclassifications and transfer	30,592	0	0	(30,592)	<b>0</b>
Assets reclassified (to)/from Held for Sale	0	0	0	0	<b>0</b>
<b>at 31 March 2022</b>	<b>59,941</b>	<b>19,014</b>	<b>0</b>	<b>0</b>	<b>78,955</b>
<b>Accumulated Depreciation and Impairment</b>					
<b>at 1 April 2021</b>	(2,613)	(13,350)	(4)	0	<b>(15,967)</b>
Adjustments to cost/value & depreciation/impairment	0	0	0	0	<b>0</b>
Depreciation charge	(936)	(3,417)	0	0	<b>(4,353)</b>
Depreciation written out to the Revaluation Reserves	1,778	0	0	0	<b>1,778</b>
Depreciation written out to Surplus/Deficit on the Provision of Services	1,751	0	0	0	<b>1,751</b>
Derecognition – disposals	20	3,356	4	0	<b>3,380</b>
Reclassifications and transfers	0	0	0	0	<b>0</b>
Eliminated on reclassification to Held for Sale	0	0	0	0	<b>0</b>
<b>at 31 March 2022</b>	<b>0</b>	<b>(13,411)</b>	<b>0</b>	<b>0</b>	<b>(13,411)</b>
<b>Net Book Value</b>					
<b>at 31 March 2022</b>	<b>59,941</b>	<b>5,603</b>	<b>0</b>	<b>0</b>	<b>65,544</b>
<b>at 31 March 2021</b>	<b>24,171</b>	<b>5,079</b>	<b>50</b>	<b>18,014</b>	<b>47,314</b>

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**Movements to 31 March 2021**

	Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
<b>Cost or Valuation</b>					
<b>at 1 April 2020</b>	26,657	18,725	242	3,926	49,550
Adjustments to cost/value & depreciation/impairment	0	0	0	0	0
Additions	127	1,672	0	14,088	15,887
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0
Derecognition – disposals	0	(1,968)	0	0	(1,968)
Reclassifications and transfer	0	0	0	0	0
Assets reclassified (to)/from Held for Sale	0	0	(188)	0	(188)
<b>at 31 March 2021</b>	<b>26,784</b>	<b>18,429</b>	<b>54</b>	<b>18,014</b>	<b>63,281</b>
<b>Accumulated Depreciation and Impairment</b>					
<b>at 1 April 2020</b>	(2,067)	(12,838)	(10)	0	(14,915)
Adjustments to cost/value & depreciation/impairment	0	0	0	0	0
Depreciation charge	(546)	(2,454)	(1)	0	(3,001)
Derecognition – disposals	0	1,942	0	0	1,942
Reclassifications and transfers	0	0	0	0	0
Eliminated on reclassification to Held for Sale	0	0	7	0	7
<b>at 31 March 2021</b>	<b>(2,613)</b>	<b>(13,350)</b>	<b>(4)</b>	<b>0</b>	<b>(15,967)</b>
<b>Net Book Value</b>					
<b>at 31 March 2021</b>	<b>24,171</b>	<b>5,079</b>	<b>50</b>	<b>18,014</b>	<b>47,314</b>
<b>at 31 March 2020</b>	<b>24,590</b>	<b>5,887</b>	<b>232</b>	<b>3,926</b>	<b>34,635</b>

## Capital Commitments

The new Headquarters (HQ) development was completed in January 2022. The subsequent demolition of the current Headquarters will be carried out during the following 12 months. There are no further capital commitments.

## Revaluation

Land and buildings were re-valued at 31st March 2022 by Cooke and Arkwright. The report was prepared as defined in the Royal Institute of Chartered Surveyors (RICS) Valuation Standards.

The asset valuers responsible for the report were Elizabeth Hill, BSc, MRICS, Director. The valuation was overseen by Andrew Gardner, BSc, FRICS, Director. All Directors are Chartered Surveyors.

The basis of the valuation was either:

- i) Fair Value;
- ii) Current Value in Existing Use;
- iii) Current Value using Depreciated Replacement Cost; and
- iv) Fair Value for an alternative use.

The result of the re-valuation exercise saw gains of £5.391m and losses of £2.593m resulting in a net gain of £2.798m.

## Note 14 - Intangible Assets

The PCC Group accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the PCC Group.

There were no changes in the accounting estimates for intangible assets during the year and no intangible assets are considered to have an indefinite life. During the year amortisation of £0.309m (2020/21: £0.220m) and impairment of £0m (2020/21: £0) was charged to the CIES during 2021/22. This charge reflects the expected pattern of consumption of economic benefits of the intangible assets during the period.

31st March 2021		31st March 2022
Other Assets		Other Assets
£'000		£'000
	Balance at start of year:	
3,756	Gross carrying amounts	3,825
(3,372)	Accumulated amortisation	(3,579)
<b>384</b>	<b>Net carrying amount at start of year</b>	<b>246</b>
	Additions:	
82	Purchases	423
(13)	Other disposals	(1,165)
(220)	Amortisation for the period	(309)
13	Amortisation written off on disposal	1,119
<b>246</b>	<b>Net carrying amount at end of year</b>	<b>68</b>
	Comprising:	
3,825	Gross carrying amounts	3,083
(3,579)	Accumulated amortisation	(2,769)
<b>246</b>	<b>Total</b>	<b>314</b>

## Note 15 - Investment Properties, Community Assets and Heritage Assets

The PCC Group does not hold any investment properties, Community Assets or Heritage Assets.

## Note 16 - Financial Instruments

	Non-Current Financial Assets					
	Investments		Debtors		Total	Total
	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22
	£'000	£'000	£'000	£'000	£'000	£'000
<b>IFRS 9 Categories</b>						
Amortised cost	0	0	51	31	51	31
<b>Total financial assets</b>	<b>0</b>	<b>0</b>	<b>51</b>	<b>31</b>	<b>51</b>	<b>31</b>

	Current Financial Assets							
	Investments		Debtors		Cash		Total	
	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>IFRS 9 Categories</b>								
Amortised cost	36,081	32,032	14,131	16,938	6,239	1,414	56,451	50,384
<b>Total financial assets</b>	<b>36,081</b>	<b>32,032</b>	<b>14,131</b>	<b>16,938</b>	<b>6,239</b>	<b>1,414</b>	<b>56,451</b>	<b>50,384</b>

The PCC Group has no non-current financial liabilities.

	Current Financial Liabilities					
	Borrowings		Creditors		Total	
	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22
	£'000	£'000	£'000	£'000	£'000	£'000
Amortised cost	0	0	(15,231)	(18,195)	(15,231)	(18,195)
<b>Total financial liabilities</b>	<b>0</b>	<b>0</b>	<b>(15,231)</b>	<b>(18,195)</b>	<b>(15,231)</b>	<b>(18,195)</b>

**Unusual Movements**

There were no unusual movements in financial instrument balances during the year.

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### Reclassification

No financial instruments were re-classified during the year.

### De-recognition of instruments

No financial instruments were de-recognised during the year.

### Collateral

No financial instruments were linked to any collateral agreements.

### Allowance for Credit Losses

No significant allowances for credit losses were required during the year.

### Defaults and Breaches

There was a breach on the 24<sup>th</sup> March 2022 where a fixed term investment counterparty returned an investment a day late due to an administrative error. All fees and charges were paid by the counterparty and there was no financial loss to the PCC Group. Measures have been put into place to ensure breaches of this nature do not reoccur.

### Financial Instruments Gains and Losses

The gains and losses recognised in the PCC Group's CIES in relation to financial instruments are made up as follows:

	2020/21			2021/22		
	Financial Liabilities at amortised cost	Financial Assets: loans and receivables	Total	Financial Liabilities at amortised cost	Financial Assets: loans and receivables	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense	0	0	0	0	0	0
Total expense in Surplus or Deficit on the Provision of Services	0	0	0	0	0	0
Interest income	0	263	263	0	81	81
Total income in Surplus or Deficit on the Provision of Services	0	0	0	0	0	0
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	0	0	0	0	0	0
<b>Net gain/(loss) for the year</b>	<b>0</b>	<b>263</b>	<b>263</b>	<b>0</b>	<b>81</b>	<b>81</b>

**Fair Values**

Financial liabilities and financial assets represented by loans and receivables are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- (i) Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding (plus interest) or the billed amount; and
- (ii) The fair value of trade or other receivables is taken to be the invoice or billed amount.

The fair values calculated are as follows:

	31 March 2021		31 March 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
<b>Financial liabilities</b>				
Short-term creditors	15,231	15,231	18,195	18,195
<b>Total Financial Liabilities</b>	<b>15,231</b>	<b>15,231</b>	<b>18,195</b>	<b>18,195</b>

	31 March 2021		31 March 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
<b>Financial Assets</b>				
Investments and money market loans	36,081	36,081	32,032	32,032
Short-term debtors	14,131	14,131	16,938	16,938
<b>Total Financial Assets</b>	<b>50,212</b>	<b>50,212</b>	<b>48,970</b>	<b>48,970</b>

The fair values for loans and receivables, has been made by comparison with a comparable investment with the same/similar lender for the remaining period of the deposit.

The comparator market rates prevailing have been taken from indicative investment rates at each Balance Sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

- (i) Level 1 – quoted prices;
- (ii) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- (iii) Level 3 – unobservable inputs for the asset or liability.

The valuation basis adopted in this report uses Level 2 Inputs – i.e. inputs other than quoted prices that are observable for the financial asset/liability.

	Fair Value Hierarchy 31 March 2022		
	Level 1	Level 2	Level 3
	£'000	£'000	£'000
<b>Financial liabilities</b>			
PWLB debt	0	0	0
<b>Total Financial Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial Assets</b>			
Investments and money market loans	0	32,032	0
<b>Total Financial Assets</b>	<b>0</b>	<b>32,032</b>	<b>0</b>

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Comparatives balances at 31<sup>st</sup> March 2021 are detailed in the table below.

	<b>Fair Value Hierarchy 31 March 2021</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Financial liabilities</b>			
PWLB debt	0	0	0
<b>Total Financial Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial Assets</b>			
Investments and money marketloans	0	36,081	0
<b>Total Financial Assets</b>	<b>0</b>	<b>36,081</b>	<b>0</b>



## Note 17 - Inventories

The opening value of inventories for the PCC Group 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)
<b>Balance Outstanding at Year End</b>	<b>377</b>	<b>373</b>	<b>74</b>	<b>149</b>	<b>451</b>	<b>522</b>

The PCC does not hold any inventories. These are held by and recorded in the Statement of Accounts of the Chief Constable.

## Note 18 - Debtors

The Short-Term Debtor balances carried by the PCC Group at 31<sup>st</sup> March 2022 are:

31 March 2021	31 March 2022
£'000	£'000
0 Trade Receivables	960
8,634 Prepayments	3,842
5,497 Other Receivable Amounts	12,136
<b>14,131 Total</b>	<b>16,938</b>

## Note 19 - Cash and Cash Equivalents

Cash and Cash Equivalents consist of cash in hand and balances held with financial institutions. The Bank Current Account balance includes a cash equivalent adjustment of £1.795m to redeem funds used to pay Police Officer Pensions during the year, which will be funded retrospectively by a specific Home Office grant.

31 March 2021	31 March 2022
£'000	£'000
1,673 Cash and Bank balances	1,414
4,566 Short Term Deposits	0
<b>6,239 Total Cash and Cash Equivalents</b>	<b>1,414</b>

## Note 20 - Assets Held for Sale

These represent Assets Held for Sale as at the 31<sup>st</sup> March 2022.

<b>Current</b> <b>31 March 2021</b> <b>£'000</b>	<b>Current</b> <b>31 March 2022</b> <b>£'000</b>
0 Balance outstanding at start of year	181
Assets newly classified as held for sale:	
181 Property Plant and Equipment	0
0 Assets sold	(181)
<b>181 Balance Outstanding year end</b>	<b>0</b>

At the beginning of the year, there was one property classified as held for sale. The status of this property as at 31<sup>st</sup> March 2022 is as follows:

- Wilcrick - Motorway Control Post. Offer accepted of £0.301m which has been approved by the District Valuer. The sale was completed as at 31<sup>st</sup> March 2022 and as a result the asset has been removed from the books of the PCC Group.

## Note 21 - Creditors

Short-Term Creditor balances held by the PCC Group at the 31<sup>st</sup> March 2022 are:

<b>31 March 2021</b> <b>£'000</b>	<b>31 March 2022</b> <b>£'000</b>
(6,037) Trade payables	(10,149)
(9,194) Other payables	(8,046)
<b>(15,231) Total Creditors</b>	<b>(18,195)</b>

### Long-Term Creditor

The Long-Term Creditor in relation to the PCC's Net Pension Liability is offset by the Long-Term Debtor in the Statement of Accounts of the Chief Constable. This accounting entry is necessary, as it is a requirement to record the pension liability in the Statement of Accounts of the Chief Constable, but ultimately the liability rests with the PCC Group. For further information see Note 24 - Pension Reserve.

## Note 22 - Provisions

All provisions are short-term as it is expected that the liability will be settled within 12 months after the reporting period. The 2020/21 Doubtful Debts provision has been re-classified as part of Debtors.

Provisions in relation to the PCC Group during 2021/22 are:

## Current Provisions

2021/22	Injury Damage & Other Compensation Claims	Provision for Pay Award	Provision for Doubtful Debts	Total
	£'000	£'000	£'000	£'000
Opening Balance	(1,537)	0	0	(1,537)
Increase in provision during year	(821)	0	0	(821)
Utilised during year	638	0	0	638
Other movements	0	0	0	0
<b>Closing Balance</b>	<b>(1,720)</b>	<b>0</b>	<b>0</b>	<b>(1,720)</b>

2020/21	Injury Damage & Other Compensation Claims	Provision for Pay Award	Provision for Doubtful Debts	Total
	£'000	£'000	£'000	£'000
Opening Balance	(1,179)	(232)	(6)	(1,417)
Increase in provision during year	(607)	0	0	(607)
Utilised during year	249	232	0	481
Other movements	0	0	6	6
<b>Closing Balance</b>	<b>(1,537)</b>	<b>0</b>	<b>0</b>	<b>(1,537)</b>

## Injury and Damage and Other Compensation Claims

All of the injury compensation claims are individually insignificant by value. They relate to personal injuries and road traffic collisions where the PCC Group is deemed to be at fault or claims for wrongful arrest. Other compensation claims include cases taken to employment tribunals by current and former employees and includes claims for the payment of overtime for additional duties performed under the Police Regulations Act 2003.

Any claim above £250,000 with regard to employers and public liability and £100,000 with regard to motor vehicle claims would be met by the PCC Group's insurance.

## Note 23 - Usable Reserves

## Usable Reserves Tables

31 March 2021	31 March 2022
£'000	£'000
4,000 General Fund	5,000
5,306 General Fund - Forecast Accelerated Efficiency Savings Reserve	149
30,423 Earmarked Reserves	28,270
2,498 Other Transfers Out of General Fund Reserve	301
<b>42,227 Closing Balance</b>	<b>33,720</b>

## General Fund

The General Fund Reserve has been split into the following categories to reflect the current Police & Crime Commissioner for Gwent Reserves Strategy.

## General Fund Reserve

31 March 2021	31 March 2022
£'000	£'000
4,000 Opening Balance	4,000
0 Transfers in to General Fund Reserve	1,000
0 Transfer Out to Forecasted Accelerated Efficiencies Reserve	0
0 Other Transfers Out of General Fund Reserve	0
<b>4,000 Closing Balance</b>	<b>5,000</b>

## Forecast Accelerated Efficiency Savings Reserve

31 March 2021	31 March 2022
£'000	£'000
5,085 Opening Balance	5,306
0 Transfers In From General Fund Reserve	0
221 Transfers In to Forecast Accelerated Efficiencies Reserve	149
0 Transfers Out of Forecast Accelerated Efficiencies Reserve	(5,306)
<b>5,306 Closing Balance</b>	<b>149</b>

## Earmarked Reserves

31 March 2021	31 March 2022
£'000	£'000
34,524 Opening Balance	30,423
7,875 Transfers In to Earmarked Reserves	9,189
(11,976) Transfers Out of Earmarked Reserves	(11,342)
<b>30,423 Closing Balance</b>	<b>28,270</b>

## Capital Receipts Reserve

31 March 2021	31 March 2022
£'000	£'000
2,498 Opening Balance	2,498
0 Transfers In to Earmarked Reserves	301
0 Transfers Out of Earmarked Reserves	(2,498)
<b>2,498 Closing Balance</b>	<b>301</b>

Please refer to Note 9 for the detail of Earmarked Reserves.

## Note 24 - Unusable Reserves

31 March 2021	31 March 2022
£'000	£'000
(3,288) Revaluation Reserve	(8,239)
(44,462) Capital Adjustment Account	(57,627)
1,685,454 Pension Reserve	1,713,805
2,051 Accumulated Absences Account	2,706
<b>1,639,755 Total</b>	<b>1,650,645</b>

## Revaluation Reserve

31 March 2021	31 March 2022
£'000	£'000
<b>(3,600) Balance 1 April</b>	<b>(3,288)</b>
0 Upward revaluation of assets	(3,540)
0 Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	(1,639)
<b>0 Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services</b>	<b>(5,179)</b>
312 Difference between fair value depreciation and historical cost depreciation	40
0 Accumulated gains on assets sold or scrapped	188
<b>312 Amount written off to the Capital Adjustment Account</b>	<b>228</b>
0 Other movements	0
0 Other movements to Other Comprehensive Income and Expenditure	0
<b>(3,288) Balance 31 March</b>	<b>(8,239)</b>

The Revaluation Reserve contains the gains made by the PCC Group arising from increases in the value of its property, plant and equipment and intangible assets.

The balance is reduced when assets with accumulated gains are revalued downwards or impaired, and the gains are either used in the provision of services and consumed through depreciation; or disposed of and the gains are realised.

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

## Capital Adjustment Account

31 March 2021 £'000	31 March 2022 £'000
<b>(31,428) Balance 1 April</b>	<b>(44,462)</b>
3,001 Charges for depreciation and impairment of non-current assets	2,602
0 Revaluation losses on non-current assets	604
220 Amortisation of intangible assets	309
0 Revenue expenditure funded from capital under statute	0
26 Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	531
3,247 Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	4,046
(312) Adjusting Amounts written out of the Revaluation Reserve	(228)
<b>2,935 Net written out amount of the cost of non-current assets consumed in the year</b>	<b>3,818</b>
0 Use of Capital Receipts Reserve to finance new capital expenditure	(2,498)
0 Use of Major Repairs Reserve to finance new capital expenditure	0
(120) Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(120)
0 Statutory provision for the financing of capital investment charged against the General Fund balance	0
(15,849) Capital expenditure charged against the General Fund balance	(14,667)
<b>(15,969) Capital financing applied in year:</b>	<b>(17,285)</b>
0 Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	0
0 Other movements	302
<b>(44,462) Balance 31 March</b>	<b>(57,627)</b>

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for the accounting for the consumption of non-current assets and for financing the acquisition, construction or additions to those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the PCC Group as finance for the costs of acquisition, construction and subsequent costs. The Account also contains revaluation gains accumulated on property, plant and equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

## Pension Reserve

31 March 2021	31 March 2022
£'000	£'000
1,447,504 Balance 1 April	1,685,454
201,190 Remeasurements of the net defined benefit (liability)/asset	(14,704)
73,538 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	87,900
(36,778) Employer's pensions contributions and direct payments to pensioners payable in the year	(44,845)
0 Other movements	0
<b>1,685,454 Balance 31 March</b>	<b>1,713,805</b>

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

## Accumulated Absences Account

31 March 2021	31 March 2022
£'000	£'000
1,777 Balance 1 April	2,051
(1,777) Settlement or cancellation of accrual made at the end of the preceding year	(2,051)
2,051 Amounts accrued at the end of the current year	2,706
274 Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	655
<b>2,051 Balance 31 March</b>	<b>2,706</b>

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, eg annual leave entitlement carried forward at 31<sup>st</sup> March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

## Note 25 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

<b>31 March 2021</b>	<b>31 March 2022</b>
<b>£'000</b>	<b>£'000</b>
(182) Interest received	(49)
0 Interest paid	0
<b>(182) Total</b>	<b>(49)</b>

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

<b>31 March 2021</b>	<b>31 March 2022</b>
<b>£'000</b>	<b>£'000</b>
(3,001) Depreciation	(2,602)
0 Impairment and downward valuations	(604)
(220) Amortisation	(309)
0 (Increase)/decrease in impairment for bad debts	0
(503) (Increase)/decrease in creditors	(3,545)
2,574 Increase/(decrease) in debtors	2,836
(23) Increase/(decrease) in inventories	71
0 Increase/(decrease) in contract assets and liabilities	0
(36,760) Movement in pension liability	(43,055)
(26) Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(531)
214 Other non-cash movements charged to the surplus or deficit on provision of services	(76)
<b>(37,745) Total</b>	<b>(47,815)</b>

The surplus or deficit on the provision of services has been adjusted for the following items which are investing and financing activities:

<b>31 March 2021</b>	<b>31 March 2022</b>
<b>£'000</b>	<b>£'000</b>
58 Proceeds from the sale of property, plant and equipment, investment property and intangible assets	449
120 Any other items for which the cash effects are investing or financing cash flows	120
<b>178 Total</b>	<b>569</b>



## Note 26 - Cash Flow from Investing Activities

The cash flows from investing activities include the following items:

<b>31 March 2021</b>		<b>31 March 2022</b>
<b>£'000</b>		<b>£'000</b>
15,005	Purchase of property, plant and equipment, investment property and intangible assets	17,866
158,500	Purchase of short-term and long-term investments	147,500
(58)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(449)
(164,000)	Proceeds from short-term and long-term investments	(151,500)
(120)	Other receipts from investing activities	(120)
<b>9,327</b>	<b>Net cash flows from investing activities</b>	<b>13,297</b>

## Note 27 - Members' Allowances

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

<b>31 March 2021</b>		<b>31 March 2022</b>
<b>£</b>		<b>£</b>
0	Salaries	0
4,702	Allowances	8,734
8	Expenses	15
<b>4,710</b>	<b>Total Members' Allowances</b>	<b>8,749</b>

Note 28 - Police Officer and Police Staff Remuneration

Police and Police Staff Numbers - Group

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

**Police Staff:**

Full Time	783	858
Part Time	157	167
<b>Total</b>	<b>940</b>	<b>1,025</b>

The above numbers are as at 31<sup>st</sup> March 2022.

Police Staff excludes the Police and Crime Commissioner since he is an elected official.

**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 below. 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 note with the exception of the Police and Crime Commissioner who occupies an elected post and is therefore not an employee.

PCC 2020/21	PCC Group 2020/21	Remuneration Band			PCC 2021/22	PCC Group 2021/22
0	26	£60,000	-	£64,999	0	37
0	7	£65,000	-	£69,999	0	6
0	2	£70,000	-	£74,999	0	3
0	5	£75,000	-	£79,999	0	5
1	5	£80,000	-	£84,999	0	6
0	2	£85,000	-	£89,999	0	3
0	4	£90,000	-	£94,999	1	8
1	2	£95,000	-	£99,999	1	3
0	1	£100,000	-	£104,999	0	0
0	0	£105,000	-	£109,999	0	0
0	1	£110,000	-	£114,999	0	2
0	0	£115,000	-	£119,999	0	0
0	1	£120,000	-	£124,999	0	0
0	0	£125,000	-	£129,999	0	0
0	0	£130,000	-	£134,999	0	1
0	1	£135,000	-	£139,999	0	0
0	0	£140,000	-	£144,999	0	0
0	0	£145,000	-	£149,999	0	0
0	0	£150,000	-	£154,999	0	0
0	1	£155,000	-	£159,999	0	1

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### 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 31<sup>st</sup> March 2022 plus the benefit in kind and other payments made during the period.

For the Office of the Police and Crime Commissioner the remuneration relationship is disclosed for the Chief Executive and the Chief Finance Officer. The Chief Finance Officer is the highest paid staff member and is included below.

	2020/21	2021/22
Chief Constable's Pay	160,735	158,672
Median Pay of the Chief Constable's Staff	30,411	29,793
Median Pay Ratio	<b>5.29</b>	<b>5.33</b>
Chief Finance Officer's Pay	96,657	96,657
Median Pay of the Police and Crime Commissioner's Staff	34,578	34,578
Median Pay Ratio	<b>2.80</b>	<b>2.80</b>
Chief Executive Officer's Pay	94,095	94,095
Median Pay of the Police and Crime Commissioner's Staff	34,578	34,578
Median Pay Ratio	<b>2.72</b>	<b>2.72</b>

### Remuneration Disclosure

The following table sets out the remuneration disclosure, for relevant Police Officers (Chief Officer rank) and Senior Staff (Chief Officer equivalent rank, and senior post holders in the Office of the Police and Crime Commissioner), 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 31<sup>st</sup> 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	172,112
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
Police & Crime Commissioner		71,400	0	0	0	0	0	71,400	12,709	84,109
Deputy Police & Crime Commissioner (1)	3	6,437	0	0	0	0	2,564	9,001	1,146	10,147
Deputy Police & Crime Commissioner (2)	4	48,057	0	0	0	0	0	48,057	8,554	56,611
Chief Finance Officer to the Police & Crime Commissioner		96,657	0	0	0	0	0	96,657	17,205	113,862
Police & Crime Commissioner Chief Executive		94,095	0	0	0	0	0	94,095	16,748	110,843

### Notes

**1** Assistant Chief Constable (1) returned to his substantive rank of Chief Superintendent on 30th January 2022, had 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** Deputy Police and Crime Commissioner (1) terminated 12th May 2021 due to PCC Elections.

**4** Deputy Police and Crime Commissioner (2) appointed 21st May 2021.

**5** The employers pension contribution in respect of Police Officers is paid at a rate of 31%. All other Senior Employees are paid at a rate of 17.8%.

**6** Other payments include, Car Allowance and Housing Allowance as determined by Police Regulations, and Holiday Pay

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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
Police & Crime Commissioner		71,400	0	0	0	0	0	71,400	12,709	84,109
Deputy Police & Crime Commissioner		55,692	0	0	0	0	0	55,692	9,913	65,605
Chief Finance Officer to the Police & Crime Commissioner		95,675	0	0	0	0	0	95,675	17,030	112,705
Police & Crime Commissioner Chief Executive		84,550	0	0	0	0	0	84,550	15,050	99,600

**Notes**

- 1** Assistant Chief Constable (2) was temporary promoted from Chief Superintendent on 7th June to 26th July 2020, opted to receive an annualised Non-Pensionable PostRelated Pay Allowance of £15,306 plus an Annualised Car Lump sum of £4,839.
- 2** Assistant Chief Constable (3) is temporary promoted from Chief Superintendent on 7th September 2020, opted to receive an annualised Non-Pensionable Post RelatedPay 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 29 - Termination Benefits

A Schedule of exit packages at 31<sup>st</sup> 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
<b>Total</b>	<b>3</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>6</b>	<b>203,873</b>	<b>265,272</b>

All exit packages were agreed and paid to 31<sup>st</sup> March 2022. There were no termination benefits/exit packages for the PCC in 2021/22.

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

Note 30 - 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.

<b>2020/21</b>		<b>2021/22</b>
<b>£'000</b>		<b>£'000</b>
83	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	86
<b>83</b>	<b>Total</b>	<b>86</b>

## Note 31 - Grant Income

The following grants were credited to the Cost of Services in the CIES in 2021/22.

## Grant Income Credited to Taxation and non-specific Grant Income and Expenditure

31 March 2021	31 March 2022
£'000	£'000
(21,200) Revenue Support Grant	(21,591)
(46,660) Police Grant	(51,539)
(120) Capital Grant and Contributions	(120)
<b>(67,980) Total</b>	<b>(73,250)</b>

## Credited to Services

31 March 2021	31 March 2022
£'000	£'000
(516) All Wales Counter Terrorism Intelligence Unit (CTIU)	(577)
(134) All Wales Regional Intelligence Unit (RIU)	(141)
(84) All Wales Regional Organised Crime Unit - Cyber	(65)
(66) All Wales Regional Organised Crime Unit - STU	(67)
(120) All Wales Regional Organised Crime Unit - STU Online	(292)
(34) All Wales Regional Organised Crime Unit - Disruption	(11)
(67) All Wales Regional Organised Crime Unit - Dark Web	(65)
(120) All Wales Regional Prison Intelligence	(102)
(33) CED Taser Grant	0
(355) Data Barring Service	(279)
(182) Emergency Services Mobile Communications Programme	(21)
(71) Fire Crime Unit	(199)
0 Funding-Safer Streets Initiative	(1,263)
0 Home Office Pension Grant	(1,363)
(587) IOM Cymru Womens' Pathfinder (Diversion - IF)	(411)
(1,072) Ministry of Justice - Victim Services	(1,141)
(204) Missing Childrens' Team	(191)
(246) National Cyber Crime Build Project	(118)
(1,785) Operation Uplift	(1,427)
(3,803) Police Community Support Officers	(2,989)
(204) Police Education Qualification Framework	(205)
(904) Police Surge Funding - COVID	(108)
(511) Private Finance Initiative (PFI) - Ystrad Mynach	(484)
0 Regional Asset Recovery Team	(135)
(673) Safety Camera Enforcement	(659)
0 Violence Against Woman, Domestic Abuse And Sexual Violence	(110)
(70) We Don't Buy Crime	(21)
(427) Welsh Government (WG) - All Wales Schools Liaison (AWSL)	(433)
(118) Youth Offending	(127)
0 Domestic Abuse Perpetrator Programme	(180)
<b>(12,386) Total</b>	<b>(13,184)</b>



## Note 32 - Related Parties

IAS 24 requires the PCC Group to disclose all material transactions with related parties, that is bodies or individuals that have the potential to influence the PCC Group or to be controlled and influenced by the PCC Group. Disclosure of these transactions allows the reader to assess the extent to which the PCC Group might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the PCC Group. 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 PCC Group and it is responsible for providing the statutory framework within which the PCC Group 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 PCC Group has with other parties (e.g. council tax bills). However the PCC has direct control over the PCC Group's financial and operating policies.

### Members

The total allowances and expenses paid to Members during the year are shown in Note 27 – Members Allowances. Transactions with the unitary authorities that members of the Police and Crime Panel represent are detailed in Note 12 of the PCC Group 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 40 – 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.

The Chief Finance Officer is the Chief Finance Officer of the Police ICT Company (the Company). The Company is a company limited by guarantee and is wholly owned by Police and Crime Commissioners in England and Wales. It was established to support policing to make the public safer through better ICT, through seeking to act as a bridge between the policing, technological and commercial worlds. During the 2021/22 financial year, the Police and Crime Commissioner for Gwent paid a total to the Company of £232,088 (2020/21 £104,453). No income was received.

A family member of the Chief Finance Officer is a Senior Finance Business Partner for Newport City Council (NCC). The Police and Crime Commissioner for Gwent have contractual relationships with NCC, in relation to such things as the receipt of precept monies and also co-funded initiatives such as the Missing Children's Hub. During 2021/22, the Police and Crime Commissioner for Gwent received £17,453,512 (2020/21 £16,460,181) income from NCC and, made payments to them of £1,645,143 (2020/21 £2,111,917). There is a Debtor Balance of £3,294 (2020/21 £0), no Creditor balance (2020/21 £51,510).

## Note 33 - Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the PCC Group, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the PCC Group that has yet to be financed. The CFR is analysed in the second part of this note.

### Capital Expenditure and Capital Financing

31 March 2021	31 March 2022
£'000	£'000
0 Opening Capital Financing Requirement	0
Capital Investment:	
15,887 Property Plant and Equipment	17,209
82 Intangible Assets	76
0 Other Capital Expenditure	0
<b>15,969 Total Capital Spending</b>	<b>17,285</b>
Sources of Finance:	
0 Capital receipts	(2,498)
(120) Government Grants and other contributions	(120)
Sums set aside from revenue:	
(15,849) - Direct revenue contributions	(14,667)
<b>(15,969) Total Sources of Finance</b>	<b>(17,285)</b>
<b>0 Closing Capital Financing Requirement</b>	<b>0</b>

## Note 34 - Leases PCC

### PCC and PCC Group as Lessee Finance Leases

The PCC Group does not participate in any finance lease arrangements.

### Operating Leases

The PCC Group utilises various properties under operating leases – some of which have break out clauses, some leases have expired and are in a period of 'holding over' whilst new leases are negotiated, or alternative arrangements sought. None of the properties utilised under operating leases are sub-let.

The expenditure charged to Premises costs line in the CIES during the year in relation to the property leases was £643,861 inclusive of service charges (2020/21: £539,928).

The PCC Group also utilises Multi-Functional Devices (combined photocopier, printer and scanners) through operating leases. The PCC Group has a 1-year contract with Konica Minolta, which was renewed in January 2021. Expenditure on these leases (excluding copy charges) during the year was approximately £45,508. (2020/21: £121,991, however £37,080 of this related to prior years).

The tables below show the future current minimum lease payments for both premises and MFDs

#### Premises Leases

	2020/21	2021/22
	£'000	£'000
Not later than 1 year	432	478
Later than 1 year but not later than 5 years	897	638
Later than 5 years	629	487
<b>Total</b>	<b>1,958</b>	<b>1,603</b>

#### MFD Leases

	2020/21	2021/22
	£'000	£'000
Not later than 1 year	25	25
Later than 1 year but not later than 5 years	0	0
Later than 5 years	0	0
<b>Total</b>	<b>25</b>	<b>25</b>

### PCC and PCC Group as Lessor

The PCC received rental income during the year with respect to the following premises:

Bargoed Police Station - £2,200 (2020/21 £2,200), from Bargoed Town Council. The lease agreement with respect to Bargoed Police Station will not end until June 2024 at the earliest.

Pontypool Police Station - £17,581 (2020/21 £52,743), from Torfaen CBC. The lease agreement with respect to Pontypool Police Station ended in August 2021.

The PCC also received rental income from the Radio Mast sites of £10,668 (2020/21 £10,668)

The table below shows the future current minimum rental income from premises.

#### Premises Rental Income

	2020/21	2021/22
	£'000	£'000
Not later than 1 year	24	2
Later than 1 year but not later than 5 years	4	2
Later than 5 years	0	0
<b>Total</b>	<b>28</b>	<b>4</b>

## Note 35 – 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 Commissioners and Forces to provide the most effective service possible. Such agreements are regulated by Section 22A of the Police Act 1996, as amended by the Police Reform and Social Responsibility Act 2011.

The collaborative services and their funding continue under revised Commissioner and Force Governance arrangements. These are in effect considered as 'Pooled Budgets' with agreements for Funding Contributions, made and varied from time to time, 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) (JFU / CTSFO)	Joint Firearms Unit (JFU / CTSFO)	Joint Procurement	Total
<b>Share of service benefit</b>											
<b>2021/22</b>											
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Gross Expenditure</b>											
South Wales Police	3,114	241	1,036	4,755	1,308	2,929	926	4,456	7,725	300	<b>26,790</b>
Dyfed Powys Police	1,210	94	402	1,848	495	0	0	0	4,635	0	<b>8,684</b>
Gwent Police	1,385	107	461	2,114	633	1,577	463	2,042	3,090	300	<b>12,172</b>
North Wales Police	1,628	126	2,308	0	0	0	0	0	0	0	<b>4,062</b>
<b>Total</b>	<b>7,337</b>	<b>568</b>	<b>4,207</b>	<b>8,717</b>	<b>2,436</b>	<b>4,506</b>	<b>1,389</b>	<b>6,498</b>	<b>15,450</b>	<b>600</b>	<b>51,708</b>
<b>Total Income &amp; Grants</b>											
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)
<b>Total</b>	<b>(7,337)</b>	<b>(568)</b>	<b>(4,207)</b>	<b>(5,086)</b>	<b>(46)</b>	<b>0</b>	<b>0</b>	<b>(7)</b>	<b>(1,619)</b>	<b>0</b>	<b>(18,870)</b>

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) (JFU / CTSFO)	Joint Firearms Unit (JFU / CTSFO)	Joint Procurement	Total
<b>Share of service benefit</b>											
<b>2020/21</b>											
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Gross Expenditure</b>											
South Wales Police	2,839	229	1,065	4,204	1,062	2,838	879	4,347	7,088	229	<b>24,780</b>
Dyfed Powys Police	1,102	89	413	1,631	402	0	0	0	4,253	0	<b>7,890</b>
Gwent Police	1,260	102	472	1,865	514	1,528	439	1,991	2,835	229	<b>11,235</b>
North Wales Police	1,483	120	2,424	0	0	0	0	0	0	0	<b>4,027</b>
<b>Total</b>	<b>6,684</b>	<b>540</b>	<b>4,374</b>	<b>7,700</b>	<b>1,978</b>	<b>4,366</b>	<b>1,318</b>	<b>6,338</b>	<b>14,176</b>	<b>458</b>	<b>47,932</b>
<b>Total Income &amp; Grants</b>											
South Wales Police	(2,839)	(229)	(1,065)	(2,543)	(7)	0	0	(3)	(655)	0	<b>(7,341)</b>
Dyfed Powys Police	(1,102)	(89)	(413)	(986)	(2)	0	0	0	(393)	0	<b>(2,985)</b>
Gwent Police	(1,260)	(102)	(472)	(1,128)	(3)	0	0	(2)	(262)	0	<b>(3,229)</b>
North Wales Police	(1,483)	(120)	(2,424)	0	0	0	0	0	0	0	<b>(4,027)</b>
<b>Total</b>	<b>(6,684)</b>	<b>(540)</b>	<b>(4,374)</b>	<b>(4,657)</b>	<b>(12)</b>	<b>0</b>	<b>0</b>	<b>(5)</b>	<b>(1,310)</b>	<b>0</b>	<b>(17,582)</b>

**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 36 - 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 25<sup>th</sup> October 2019. The resulting Order of 28<sup>th</sup> October 2019 included an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1<sup>st</sup> 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 25<sup>th</sup> March 2020.

On the 16<sup>th</sup> 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 4<sup>th</sup> February 2021 the Treasury published their response to the consultation. This response confirmed that the legacy schemes would be closed from 31<sup>st</sup> 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 25<sup>th</sup> 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 1<sup>st</sup> 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

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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 PCC Group participates in two post-employment schemes:

- (i) The Police Pension Scheme for Police Officers - this is an unfunded scheme, meaning that there are no investment assets built up to meet the pension liabilities and cash has to be generated for actual pension payments in the year they eventually fall due; and
- (ii) Pensions and benefits for Police Staff are provided under the Greater Gwent (Torfaen) Pension Fund (Local Government Pension Scheme). This is a funded scheme, meaning that the PCC Group and employees pay contributions into the 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 cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The transactions in the following table have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

2020/21				General Fund Transactions				2021/22			
LGPS for CC	LGPS for PCC	Police Pensions Restated	Total Restated					LGPS for CC	LGPS for PCC	Police Pensions	Total
£'000	£'000	£'000	£'000					£'000	£'000	£'000	£'000
<b>Comprehensive Income and Expenditure Statement</b>											
<b>Cost of Services</b>											
				Service cost comprising:							
8,564	252	31,870	40,686					15,389	431	37,670	53,490
59	0	0	59					158	0	0	158
0	0	13	13					0	0	310	310
122	4	0	126					136	4	0	140
0	0	0	0					0	0	0	0
0	0	0	0					0	0	0	0
1,620	74	30,960	32,654					2,285	97	31,420	33,802
<b>10,365</b>	<b>330</b>	<b>62,843</b>	<b>73,538</b>					<b>17,968</b>	<b>532</b>	<b>69,400</b>	<b>87,900</b>
				<b>Total charged to Surplus and Deficit on Provision of Services</b>							

The 2020/21 Police Pensions and Total in the above table have been restated to show the transfer in cost separately from the past service cost. There is no change in the total figure.

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

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£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
				Re-measurement of the net defined benefit liability comprising:				
(33,838)	(1,138)	0	(34,976)	Return on plan assets (excluding the amount included in the net interest expense)	(6,324)	(210)	0	(6,534)
(1,960)	(78)	(740)	(2,778)	Actuarial gains and losses - experience	506	19	38,930	39,455
3,772	130	0	3,902	Actuarial gains and losses arising on changes in demographic assumptions	(1,383)	(52)	0	(1,435)
66,772	2,430	165,840	235,042	Actuarial gains and losses arising on changes in financial assumptions	(23,483)	(837)	(21,870)	(46,190)
0	0	0	0	Other movements in the liability / (asset)	0	0	0	0
<b>34,746</b>	<b>1,344</b>	<b>165,100</b>	<b>201,190</b>	<b>Total charged to Other Comprehensive Income and Expenditure Statement</b>	<b>(30,684)</b>	<b>(1,080)</b>	<b>17,060</b>	<b>(14,704)</b>
<b>45,111</b>	<b>1,674</b>	<b>227,943</b>	<b>274,728</b>	<b>Total charged to the Comprehensive Income and Expenditure Statement</b>	<b>(12,716)</b>	<b>(548)</b>	<b>86,460</b>	<b>73,196</b>

**Movement in Reserves Statement**

2020/21					2021/22			
LGPS for CC	LGPS for PCC	Police Pensions	Total		LGPS for CC	LGPS for PCC	Police Pensions	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(10,365)	(330)	(62,843)	(73,538)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(17,968)	(532)	(69,400)	(87,900)
				Actual amount charged against the general fund balance for pensions in the year:				
4,462	136	32,180	36,778	Employers' contributions payable to scheme	4,990	145	39,710	44,845

**Pensions Assets and Liabilities Recognised in the Balance Sheet**



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2020/21					2021/22			
LGPS for CC	LGPS for PCC	Police Pensions	Total		LGPS for CC	LGPS for PCC	Police Pensions	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(266,540)	(9,991)	(1,571,733)	(1,848,264)	Present value of the defined obligation	(262,309)	(9,698)	(1,618,483)	(1,890,490)
157,529	5,281	0	162,810	Fair value of plan assets	171,004	5,681	0	176,685
(109,011)	(4,710)	(1,571,733)	(1,685,454)	Value of Assets / (Liabilities)	(91,305)	(4,017)	(1,618,483)	(1,713,805)
0	0	0	0	Other movements in the (liability) / asset	0	0	0	0
<b>(109,011)</b>	<b>(4,710)</b>	<b>(1,571,733)</b>	<b>(1,685,454)</b>	<b>Net (liability) / asset arising from the defined benefit obligation</b>	<b>(91,305)</b>	<b>(4,017)</b>	<b>(1,618,483)</b>	<b>(1,713,805)</b>

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2020/21				Movement in the Value of Scheme Assets				2021/22			
LGPS for CC	LGPS for PCC	Police Pensions	Total			LGPS for CC	LGPS for PCC	Police Pensions	Total		
Restated	Restated										
£'000	£'000	£'000	£'000			£'000	£'000	£'000	£'000		
118,548	4,006	0	122,168	Opening fair value of scheme assets		158,024	5,298	0	163,322		
2,758	93	0	2,851	Interest income		3,193	107	0	3,300		
				Re-measurement gain / (loss):							
				- The return on plan assets, excluding the amount included in the net interest expense							
33,838	1,138	0	34,976			6,324	210	0	6,534		
0	0	0	0	Other gains / (losses)		0	0	0	0		
4,462	136	32,180	36,778	Contributions from employer		4,990	145	39,710	44,845		
1,591	63	6,360	8,014	Contributions from employees into the scheme		1,783	67	6,530	8,380		
(3,173)	(138)	(38,540)	(41,851)	Benefits / transfers paid		(3,310)	(146)	(46,240)	(49,696)		
<b>158,024</b>	<b>5,298</b>	<b>0</b>	<b>162,810</b>	<b>Closing value of scheme assets</b>		<b>171,004</b>	<b>5,681</b>	<b>0</b>	<b>176,685</b>		

2020/21				Movements in the Fair Value of Scheme Liabilities				2021/22			
LGPS for CC	LGPS for PCC	Police Pensions	Total			LGPS for CC	LGPS for PCC	Police Pensions	Total		
Restated	Restated										
£'000	£'000	£'000	£'000			£'000	£'000	£'000	£'000		
(186,910)	(7,178)	(1,375,970)	(1,569,672)	Opening balance at 1 April		(267,035)	(10,008)	(1,571,733)	(1,848,776)		
(8,564)	(252)	(31,870)	(40,686)	Current service cost		(15,389)	(431)	(37,670)	(53,490)		
(4,378)	(167)	(30,960)	(35,505)	Interest cost		(5,478)	(204)	(31,420)	(37,102)		
(1,591)	(63)	(6,360)	(8,014)	Contributions from scheme participants		(1,783)	(67)	(6,530)	(8,380)		
				Re-measurement gains and losses:							
1,960	78	740	2,778	- Actuarial gains / (losses) - experience		(506)	(19)	(38,930)	(39,455)		
(3,772)	(130)	0	(3,902)	- Actuarial gains / (losses) from changes in demographic assumptions		1,383	52	0	1,435		
(66,772)	(2,430)	(165,840)	(235,042)	- Actuarial gains / (losses) from changes in financial assumptions		23,483	837	21,870	46,190		
0	0	0	0	- Other		0	0	0	0		
(59)	0	0	(59)	Past service cost		(158)	0	0	(158)		
0	0	0	0	Gains / (losses) on curtailments		0	0	0	0		
0	0	0	0	Liabilities assumed on entity combinations		0	0	0	0		
0	0	(13)	(13)	Transfers in		0	0	(310)	(310)		
3,173	138	38,540	41,851	Benefits / transfers paid		3,310	146	46,240	49,696		
(122)	(4)	0	(126)	Administration expenses		(136)	(4)	0	(140)		
0	0	0	0	Liabilities extinguished on settlements		0	0	0	0		
<b>(267,035)</b>	<b>(10,008)</b>	<b>(1,571,733)</b>	<b>(1,848,264)</b>	<b>Balance as at 31 March</b>		<b>(262,309)</b>	<b>(9,698)</b>	<b>(1,618,483)</b>	<b>(1,890,490)</b>		

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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 table above shows the amount included in the Balance Sheet arising from the PCC Group's obligation in respect of its defined benefit plans.

The liabilities show the underlying commitments that the PCC Group has in the long run to pay retirement benefits. The total liability of £1.890bn (2020/21: £1.848bn) has a substantial impact on the net worth of the PCC Group as recorded in the Balance Sheet, resulting in a negative overall balance of £1.714bn (2020/21: £1.685bn).

However, statutory arrangements for funding the deficit mean that the financial position of the PCC Group 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 Police and Crime Commissioner 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 Police and Crime Commissioner 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	2020/21	2021/22	2021/22
	£'000	%	£'000	%
<b>Asset Allocations</b>				
Equity Securities	24,157	14.00%	28,828	14.05%
Investment Funds and Unit Trusts	133,619	82.00%	146,877	83.13%
Real Estate	4,111	3.00%	4,044	2.29%
Cash and Cash Equivalents	1,435	1.00%	937	0.53%
<b>Total</b>	<b>163,322</b>	<b>100%</b>	<b>176,686</b>	<b>100%</b>

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table below. 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
<b>Mortality assumptions:</b>				
<b>Longevity at 65 for current pensioners:</b>				
Men		22	22.1	20.7
Women		23.7	23.8	23.4
<b>Longevity at 65 for future pensioners:</b>				
Men		23.7	23.8	22.1
Women		25.3	25.4	25.1
	Police Pension		Local Government (Group)	
	2020/21 % p.a.	2021/22 % p.a.	2020/21 % p.a.	2021/22 % p.a.
Rate of increase in salaries (Long term)	4.15%	4.75%	3.15%	3.50%
Rate of increase in salaries (Short term)	0.00%	0.00%	0.00%	0.00%
Rate of increase in pensions	2.40%	3.00%	2.85%	3.20%
Rate for discounting scheme liabilities	2.00%	2.65%	2.00%	2.70%
Rate of CARE revaluation	3.65%	4.25%	0.00%	0.00%

**Change in Assumptions**

	Police Pension		Local Government	
	Approximate increase/(decrease) in assumption		Approximate % increase to Employer Liability	Approximate monetary amount
	%	£'000	PCC Group	
			%	£'000
0.5% increase in the Real Discount Rate	(10.00%)	(161,000)	0.00%	-
0.1% decrease in the Real Discount Rate	0.00%	-	2.00%	6,615
1 year increase in member life expectancy	3.50%	55,000	4.00%	10,880
0.5%/0.1% increase in the Salary Increase Rate	1.00%	20,000	0.00%	841
0.5%/0.1% increase in the Pension Increase Rate	9.00%	144,000	2.00%	5,721

Following the Triennial Valuation as at 31<sup>st</sup> March 2022, the Contribution Rates for the current year and the next 2years 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 37 - Contingent Assets and Liabilities**

The PCC Group does not have any contingent assets or contingent liabilities.

## Note 38 - Nature and Extent of Risks Arising from Financial Instruments

The PCC Group's activities expose it to a variety of financial risks, the key risks are:

- (i) Credit risk: The possibility that other parties might fail to pay amounts due to the PCC Group;
- (ii) Liquidity risk: The possibility that the PCC Group might not have funds available to meet its commitments to make payments;
- (iii) Re-financing risk: The possibility that the PCC Group might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms; and
- (iv) Market risk - the possibility that financial loss might arise for the PCC Group as a result of changes in such measures as interest rate movements.

### Overall Procedures for Managing Risk

The PCC Group's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework outlined in the Local Government Act 2003 and the associated regulations. These require the PCC to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the PCC Group to manage risk in the following ways:

- (i) By formally adopting the requirements of the Code of Practice;
- (ii) By approving annually in advance prudential indicators for the following three years limiting:
  - The PCC Group's overall borrowing;
  - Its maximum and minimum exposures to fixed and variable rates;
  - Its maximum and minimum exposures for the maturity structure of its debt; and
  - Its maximum annual exposures to investments maturing beyond a year.
- (iii) By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Welsh Government Guidance.

These are required to be reported and approved at or before the PCC Group's annual budget setting meeting before the start of the year to which they relate. These items are reported in the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the PCC Group's financial instrument exposure. Actual performance is also reported twice yearly to Members of the Joint Audit Committee (JAC).

These policies are implemented by a central treasury team. The PCC Group maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed annually.

### Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Group's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Ratings Services. The Annual Treasury Management Strategy also imposes a maximum amount and time to be invested with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

The following analysis summarises the Group's maximum exposure to credit risk. The table gives details of global corporate finance 5-year average cumulative default rates (including financial organisations) on investments out for up to 1 year.

### Exposure to Credit Risk

	Amount at 31 March 2022	Historical experience of default	Adjustment for market conditions at 31 March 2022	Estimated maximum exposure to default
	£'000	%	%	£'000
Deposits with Banks and Financial Institutions	3,000	0.01%	0.00%	0.228
Money Market Funds	5,002	0.00%	0.00%	0
Local Authorities	24,030	0.00%	0.00%	0
Debt Management Office	0	0.00%	0.00%	0
Trade Debtors	1,043	0.08%	0.08%	0
<b>Total</b>	<b>33,075</b>			<b>0</b>

Whilst the recent credit crisis in international markets has raised the overall possibility of default, the PCC Group maintains strict credit criteria for investment counterparties.

### Outstanding Debts

The PCC Group does not generally allow credit for its trade debtors, however aged debtors has increased from 2021. The recoverability of this debt is not considered a risk as the majority of the trade debt is with other public sector counter parties. As at 31<sup>st</sup> March 2022 £0.526m of the £0.966m balance is past its due date for payment. The amounts can be analysed by age as follows:

	31 March 2021	31 March 2022
	£'000	£'000
Not Due	324	431
0-1 Month	0	9
1-3 Months	139	298
3-6 Months	141	138
6-12 Months	293	17
> 12 Months	56	73
<b>Total</b>	<b>953</b>	<b>966</b>

### Liquidity Risk

The PCC Group manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury strategy reports), as well as through a comprehensive cash flow management system, as required by the Code of Practice. This seeks to ensure that cash is available when it is needed.

The PCC Group has ready access to borrowings from the Money Markets and Lloyds Bank Instant Access Call Account to cover any day-to-day cash flow need, and currently does not have any need to access longer-term funding from the PWLB. The PCC Group is also required to provide a balanced budget through the Local Government Finance Act 2012, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

### Refinancing and Maturity Risk

The PCC Group maintains an investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the PCC Group relates to managing the exposure of replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments deposited for more than one year in duration are the key parameters used to address this risk. The PCC Group approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- (i) Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- (ii) Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the PCC Group's day-to-day cash flow needs.

The PCC group has £nil (2020/21-:£nil) financial liabilities with a maturity of greater than one year.

All trade and other payables are due to be paid in less than one year. In addition all Financial Assets are due to be repaid in less than one year. For further disclosure see Note 16 – Financial Instruments.

### Market Risk

Market risk is sub-divided into interest rate, price and foreign exchange risk.

### Interest Rate Risk

The PCC Group has minimal exposure to risk in terms of its exposure to interest rate movements on its borrowings and investments. Investments of £24m are at fixed rates. If interest rates were to rise, the fair value of these will remain the same as they are all for less than one year in duration. A further £5m is deposited in Money Market Funds which are subject to variable interest rates or yields however the size, diversification and structure of the fund's assets mitigate risk. There is also a £3m deposit in Lloyds Bank Instant Access account. The interest rate is fixed but the yield will vary depending on the time left in the call account.

### Price Risk

The PCC Group is not exposed to any risks associated with a change in price of investments such as equity shares.

### Foreign Exchange Risk

The PCC Group has no financial assets or liabilities denominated in foreign currencies.

## Note 39 - 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
<b>167,440</b>	<b>0</b>	<b>167,440</b>	<b>Total</b>	<b>185,103</b>	<b>0</b>	<b>185,103</b>
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
<b>201,190</b>	<b>0</b>	<b>201,190</b>	<b>Total</b>	<b>(14,704)</b>	<b>0</b>	<b>(14,704)</b>

## 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
<b>(14,780)</b>	<b>0</b>	<b>(14,780)</b>	<b>Total</b>	<b>(17,673)</b>	<b>0</b>	<b>(17,673)</b>



## Note 40 - 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 31<sup>st</sup> 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 Charity 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 31<sup>st</sup> 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
<b>2021/22</b>	This refers to the period covered by these accounts – 1 <sup>st</sup> April 2021 to 31 <sup>st</sup> March 2022
<b>2020/21</b>	This refers to the prior year financial period for comparative purposes – 1 <sup>st</sup> April 2020 to 31 <sup>st</sup> March 2021
<b>Accounting Policies</b>	These are a set of rules and codes of practice the PCC Group uses when preparing the accounts.
<b>Accruals</b>	The accounting treatment, where income and expenditure is recorded when it is earned or incurred not when the money is received or paid.
<b>Actuarial Gains and Losses</b>	For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because: <ul style="list-style-type: none"> <li>• Events have not coincided with the actuarial assumptions made in the last valuation; or</li> <li>• The actuarial assumptions have changed.</li> </ul>
<b>Amortisation</b>	This is the measure of the wearing out, consumption or other reduction in the useful life of Intangible assets.
<b>Balance Sheet</b>	This shows the value of the assets and liabilities recognised by the Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group.
<b>Capital Adjustment Account</b>	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.
<b>Capital Expenditure</b>	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.
<b>Capital Receipts</b>	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.
<b>Carrying Value</b>	The carrying value of an asset or a liability recorded in the Balance Sheet.
<b>CIPFA</b>	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.
<b>Comprehensive Income and Expenditure Statement (CIES)</b>	This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.
<b>Consumer Price Index (CPI)</b>	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.
<b>Contingent Liabilities or Assets</b>	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 PCC Group accounts.
<b>Creditors</b>	Individuals or organisations to which the PCC Group owes money at the end of the financial year split short-term (within 12 months) and long-term.
<b>Current Assets</b>	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.
<b>Current Liabilities</b>	Current liabilities are items that are due immediately or in the short – term.
<b>Current Service Cost (pensions)</b>	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.
<b>Curtailment</b>	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).
<b>Debtors</b>	Individuals or organisations that owe the PCC Group money at the end of the financial year split short-term (within 12 months) and long-term.
<b>Defined Benefit Scheme</b>	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.
<b>Defined Contribution Scheme</b>	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.
<b>Depreciation</b>	This is the measure of the wearing out, consumption, or other reduction in the useful economic life of Property, Plant and Equipment.
<b>Fair Value</b>	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.
<b>Finance Lease</b>	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.

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<b>Financial Instrument</b>	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.
<b>Fixed Assets</b>	These are items such as land, buildings, vehicles and major items of equipment, which give benefit to the PCC Group over more than one year.
<b>FRS</b>	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).
<b>General Fund</b>	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.
<b>Group</b>	The term refers to the merger of Office of the Police and Crime Commissioner and the Chief Constable.
<b>Impairment</b>	A reduction in the value of a fixed asset, below its carrying amount in the balance sheet. Factors include evidence of obsolescence or physical damage to the asset.
<b>Intangible Assets</b>	These are assets that do not have physical substance but are identifiable and controlled by the PCC Group. Examples include software, licenses and patents.
<b>Interest Cost (Pensions)</b>	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.
<b>Inventories</b>	Amounts of unused or unconsumed stocks held in expectation of future use at the Balance Sheet date.
<b>Leasing Costs</b>	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.
<b>Materiality</b>	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.
<b>Minimum Revenue Provision</b>	The prudent amount that the PCC Group is statutorily required to set aside from revenue funds to meet the repayment of borrowing undertaken to support capital investment.
<b>Movement in Reserve Statement</b>	This financial statement presents the movement in usable and unusable reserves.
<b>Net Book Value (NBV)</b>	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.
<b>Net Realisable Value (NRV)</b>	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.
<b>Operating Lease</b>	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.
<b>Past Service Cost</b>	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.
<b>PCC</b>	The abbreviation for the Police and Crime Commissioner. The PCC is a separate corporation sole which was established on the 22 <sup>nd</sup> November 2012 under the Police and Social Responsibility Act 2011. Also referred to as the Office of the Police and Crime Commissioner.
<b>Private Finance Initiative (PFI)</b>	A Central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance.
<b>Precept</b>	The amount levied and collected by the five Gwent Authorities (Newport, Caerphilly, Blaenau Gwent, Monmouthshire and Torfaen) and paid over to the PCC Group.
<b>Provisions</b>	The PCC Group may set aside amounts as provisions to meet liabilities or losses that are likely to arise in the future.
<b>Public Works Loan Board (PWLb)</b>	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.
<b>Related Parties</b>	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.
<b>Reserves</b>	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 PCC Group.
<b>Revaluation Reserve</b>	An amount representing the accumulated gains on the fixed assets held by the PCC Group arising from increases in value, as a result of inflation and other factors, to the extent that these gains have not been consumed by subsequent downward movements in value.
<b>Retail Price Index (RPI)</b>	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.
<b>Revenue Budget</b>	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.
<b>Revenue Support Grant (RSG)</b>	A general government grant in support of local authority expenditure (including Police and Crime Commissioners) and fixed each year in relation to spending levels.

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<b>Senior Staff</b>	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, Chief of Staff and statutory Chief Officers (ACPO).
<b>The Code</b>	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.