

# CHIEF CONSTABLE FOR GWENT **STATEMENT OF ACCOUNTS** 2020/21



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## Narrative Report

### Introduction

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

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

This Statement of Account covers the 2020/21 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 2021/22 and beyond.

### Statutory Framework for the Financial Statements

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

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

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

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

### Statement of Accounts

The Chief Constable's Statement of Accounts for the financial year ended 31<sup>st</sup> March 2021, which is in accordance with the Code in the United Kingdom 2020/21, consist of:

- **Narrative Report** – which provides an introduction to the Statement of Accounts and highlights significant matters reported in the Accounts;
- **Independent Auditor's Report** – which confirms the opinion of the auditor as to whether the accounting statements give a true and fair view of the financial position of the Chief Constable, and have been properly prepared in accordance with the Code;
- **Statement of Responsibilities** – which sets out the respective responsibilities of the Chief Constable and the Assistant Chief Officer – Resources, in respect of the Statement of Accounts;
- **Annual Governance Statement** – which is a joint statement by the Commissioner and the Chief Constable, describing how the system of internal control has ensured that their functions have been exercised with a combination of economy, efficiency and effectiveness during the year;

### Financial Statements:

- **Comprehensive Income and Expenditure Statement (CIES)** – This shows the accounting cost in the year of providing services in accordance with International Accounting Standards (IAS) rather than the amount funded from Government grants and taxation;
- **Balance Sheet** – This shows the value of the assets, liabilities and reserves (net worth) of the Chief Constable as at 31<sup>st</sup> March 2021;

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

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

## Financial Performance of the Chief Constable

The following summary provides an overview of the financial position and performance of Gwent Police for the year ending 31<sup>st</sup> March 2021.

### Revenue Income and Expenditure

The net revenue budget requirement for the year of £138.991m was approved by the Commissioner on 6<sup>th</sup> March 2020. After the Home Office Grant of £46.660m, Revenue Support Grant of £21.200m and National Non-Domestic Rates of £10.590m, the amount to be collected from Council Tax was £60.541m. The majority of this gross budget is attributable to policing services under the direction and control of the Chief Constable and is equal to that of the Police and Crime Commissioner Group, less the cost of administering the Office of the Police and Crime Commissioner.

The CIES shows the total cost of policing services of £163.527m (2019/20: £159.805m). Adjusting this figure for corporate costs, changes in future pension liabilities, and other appropriations and contributions excluded from the cost of services, produces total operating expenditure for the Chief Constable for the year of £196.107m (2019/20: £198.479m). The total amount of operating expenditure is fully funded by the Commissioner by way of an intra-group transfer, leaving a £nil balance within the accounts of the Chief Constable.

The underlying performance of the Police and Crime Commissioner Group for the year ended 31<sup>st</sup> March 2021, which the Chief Constable is part of, before all statutory and funding basis adjustments, was a surplus of £0.221m. This surplus arose through recurrent savings through the acceleration of efficiency schemes via the Force's Service Improvement Programme and from savings against demand-led budgets.

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

### Pensions Liability

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

The impact of an increase in scheme liabilities as a result of the McCloud/Sargeant ruling on claims of unlawful discrimination arising from the Transitional Provisions of the Police Pension Regulations 2015, will be measured through the valuation process which determines employer and employee contribution rates. The next 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 and 2020/21.

The estimated net liabilities for both schemes increased over the year from £1,444m to £1,681m, an increase of 16.4%, 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, HMT 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 £1.098m to £1.703m for 2021/22. This shortfall will be

met from a contribution from reserves and committed funds and not from Council Tax Precept. 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 2020/21 therefore, Gwent Police has delivered cumulative recurring cashable efficiency savings of £52.075m. This has been achieved through the continuing success of the Staying Ahead Programme; which over recent years has become core Force business within its Strategy, Performance and Change 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 2021/22 budget, further significant uncertainty still remained:

- The General Election meant that the expected 2019 Comprehensive Spending Review (CSR) (which would have set Government Department's budgets for the next three to five years from 2020/21) was deferred until July 2020. A one year 'Spending Round' was announced which resulted in the Home Office receiving a 6.3% increase in real terms to the Department's resource budget between 2019/20 and 2020/21. However, since early January 2020 the worldwide economic impact of the Coronavirus pandemic (Covid-19) has manifested and the CSR was again deferred. A further one year 'Spending Round' was announced, resulting in a further increase in real terms to the Home Office budget of 4.9% in November 2020;
- The knock-on effect of a deferred CSR further delayed the Home Office's review of the Police Funding Formula. By way of background, once the overall size of the policing budget is determined by the HO (via the CSR/SR process), then the amount of funding provided to respective Police and Crime Commissioners is determined by the Police Funding Formula. It has been well publicised that the current formula is outdated, overly complex, opaque and in need of review. Following a 'false start' to the review process during the latter half of 2015, the review was brought back on track with a hope to produce its findings by February/March 2017, with implementation for the 2018/19 financial year. However, it is believed that with the significant implications of the Brexit negotiations; the result of the 'snap' General Election in June 2017 (and subsequent one in December 2019); and the significant increase in the threat of terrorism, the implementation has been delayed. On account of both the planned 2019 and 2020 CSRs being converted to one year SRs, with no further updates available, it is expected that once the work is restarted during 2021 as part of a potential CSR 2021 (following full consultation throughout 2022/23), it is assumed that any impact will not occur until the 2023/24 financial year.;
- On 25th November 2020, the Chancellor announced the outcome of SR 2020, setting out public spending totals for the 2021/22 financial year only. This was the Chancellor's first SR following his succession from the Rt. Hon. Sajid Javid MP in February 2020. During his speech, the Chancellor said that the SR 2020 "Delivers a once in a generation investment in infrastructure creating jobs, following the greatest economic decline in over 300 years." Prior to the announcement, it was expected that the Chancellor might introduce a further squeeze on public sector pay given the difficult financial backdrop. In the summer of 2020, the Chancellor suggested that as private sector pay had taken a huge hit, in the "interest of fairness", public sector workers should share the burden. However, given that public sector pay has fallen to its lowest level in decades relative to private sector pay, it was known that such an announcement would face fierce opposition from unions and public sector workers. Furthermore, infrastructure and 'green' spending announcements were expected with the Government's levelling up (Northern Powerhouse, Midlands Engine, etc.) agenda expected to be a focal point. In anticipation, given the protections already afforded to the NHS, Education and Defence, unprotected services including Local Government and prisons were expected to be at a much greater risk of facing cuts; and

Alongside the Spending Review in November 2020, the Office for Budget Responsibility (OBR) released its Economic and Fiscal Outlook (EFO). The EFO highlights the significant effects that Covid-19 has had on the UK economy and due to the uncertainty of impact presented three scenarios. Based on the central scenario (in which restrictive public health measures need to be kept in place until the spring and vaccines are rolled out more slowly, leading to a slower return to pre-virus levels of activity at the end of 2022) the main impacts on economic and public spending were identified as:

- During the first wave of infections, the UK locked down later and for longer than some of its European neighbours and experienced a deeper fall and slower recovery in economic activity. A resurgence of infections is now in progress across Europe and North America, prompting the tightening of public health restrictions and re-imposition of national lockdowns and taking the wind out of an already flagging recovery. That includes the UK, where (based on the EFO's central scenario) GDP is set to fall by 11% this year – the largest drop in annual output since the Great Frost of 1709, before returning to growth in 2021. However, the economy is not expected to reach pre-crisis levels until the end of 2022; with long-term damage meaning that in 2025 the economy will be approximately 3% worse off than expected pre-Covid-19.

- The virus has also exacted a heavy and mounting toll on the public finances. In the central forecast, receipts this year are set to be £57bn lower and spending £281bn higher, than last year. The Government has committed huge sums to treat the infected; control the spread of the virus; and cushion its financial impact on households and businesses. As support has been expanded and extended, including in the wake of the second wave of infections, its total cost this year has risen from £181bn at the time of the Summer Economic Update, to £218bn at the time of the Winter Economy Plan, to £280bn in the November forecast.
- Inflation is expected to remain subdued over the next three years, returning to the 2% target by the end of 2024.
- Unlike in previous recessions, the greater portion of the fiscal cost of Covid-19 arises from the Government's discretionary policy response rather than the hit to the economy caused by the virus. Of the £339bn upward revision to borrowing between the March and November central forecasts, roughly three quarters is due to policy measures (in particular additional spending on the NHS and the furlough scheme) and the rest is due to lower economic activity (mostly due to lower tax receipts). Moreover, the connection between the public health restrictions and the levels of support offered to workers and businesses underscores the importance of controlling the virus to containing the longer-run cost of Covid-19.
- Finally, and most acute for the Policing Service, the OBR's EFO analysis suggests quite logically that there will be a challenging v(C)SR setting budgets for 2022/23 and beyond. With prioritised funding already set aside for Health, Education and Defence, spending on other public services could be down £9bn relative to 2021/22 totals. This would imply that spending on unprotected public services such as Police, Fire and Rescue Services and Local Government is likely to be broadly flat in real per capita terms in 2022/23.

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.

However, following the UK's withdrawal from the European Union in January 2020; the Covid-19 pandemic; and the Home Office providing the financial means to meet the Prime Minister's pledge to recruit an additional 20,000 police officers by March 2023, investment and the associated financial stability in policing was looking more positive than it had for a decade. Police Officer recruitment plans started in earnest in the latter part of 2019/20 and into 2020/21 and, importantly, additional funding was provided for the associated infrastructure needed to make those new Police Officers as effective as they could be.

In February 2021, at the conclusion of the 2021/22 budget setting round, despite the above outstanding issues, the financial future for policing in Gwent looked positive. The 2021/22 Medium Term Financial Projections (MTFP) covering the five-year period to 2025/26 identified the budget required and the funding available. Assuming a further £0.676m of savings were delivered in 2021/22, the MTFP presented a balanced budget for the 2021/22 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 2021/22 Final Settlement; the estimated impact of CSR 2020; Brexit and the Police Funding Formula review; and further funding pressures, the recurring funding deficit for 2025/26 was forecast to be £7.341m. Further savings had therefore been targeted, resulting in a net funding deficit after efficiencies of £3.563m by 2025/26.

At this time, the pressures and service developments recognised were consistent with those identified within local, regional and national priorities, identified in the Commissioner's Police and Crime Plan 2017-2021 and the Strategic Policing Requirement. These areas of focus and investment built upon the Forces 'Investment Strategy' which was incorporated into the 2017/18 budget setting round and which has gained significant momentum during the 2017/18, 2018/19 and 2019/20 financial years. In particular, the MTFP sought to:

- Deliver the six strands of the Policing Vision 2025 which sets out the future for policing over the next five years, and shapes decisions about how police forces use their resources to keep people safe. The six strands are to tailor local policing to community needs; enhance specialist capabilities; develop workforce skills and diversity; digital policing; enable business delivery; and ensure clear governance and accountability;
- Improve the quality of service whilst delivering efficiencies;
- Manage a changing landscape – crime is increasing and becoming more complex; increase the pace of technological change; increase in terrorism threats; and reduced public services funding;
- A refocus and prioritisation of Threat, Risk and Harm;
- Tackle the increased demand within Serious Organised Crime and vulnerability, and providing innovation to identify and support vulnerable people; and
- Develop collaborative work to meet demand, improve systems, and enhance efficiency and effectiveness.

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

**Signed:**

**Nigel Stephens CIPFA**  
**Assistant Chief Officer - Resources**  
**Date: 28<sup>th</sup> July 2021**



## Independent Auditor's Report

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

### Report on the audit of the financial statements

#### Opinion

I have audited the financial statements of:

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

for the year ended 31 March 2021 under the Public Audit (Wales) Act 2004.

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

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

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

In my opinion the financial statements:

- give a true and fair view of the financial position of Chief Constable of Gwent Police and the Gwent Police Pension Fund as at 31 March 2021 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

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

#### Other information

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

I have nothing to report in this regard.

#### Report on other requirements

##### Opinion on other matters

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

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21; and



- The information given in the joint Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the joint Annual Governance Statement has been prepared in accordance with guidance.

### **Matters on which I report by exception**

In the light of the knowledge and understanding of the Chief Constable of Gwent Police and the Gwent Police Pension Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the joint Annual Governance Statement.

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

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

### **Responsibilities**

#### **Responsibilities of the responsible financial officer for the financial statements**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 10 the responsible financial officer is responsible for the preparation of the statement of accounts, including the Gwent Police Pension Fund's financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

My procedures included the following:

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

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Joint Audit Committee about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential

bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

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

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Chief Constable of Gwent Police and the Gwent Police Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](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 [name of local government body] in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton

Auditor General for Wales  
Date: 30<sup>th</sup> July 2021

24 Cathedral Road  
Cardiff  
CF11 9LJ

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

## Statement of Responsibilities

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

### The Chief Constable's Responsibilities

The Chief Constable is required to:

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

I approve the Statement of Accounts for the financial year 2020/21.

**Signed:**

**Pamela Kelly**  
**Chief Constable for Gwent**  
**Date: 28<sup>th</sup> July 2021**

### The Assistant Chief Officer – Resources' Responsibilities

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

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

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

The Assistant Chief Officer – Resources has also:

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

I certify that the Statement of Accounts, present a true and fair financial position of the Chief Constable at 31<sup>st</sup> March 2021 and the income and expenditure for the period then ended.

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

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

**Nigel Stephens CPFA**  
**Assistant Chief Officer - Resources**  
**Date: 28<sup>th</sup> May 2021**

**Nigel Stephens CPFA**  
**Assistant Chief Officer - Resources**  
**Date: 28<sup>th</sup> July 2021**

# Joint Annual Governance Statement of the Police and Crime Commissioner for

## Gwent and the Chief Constable for Gwent

### Introduction

The purpose of this Annual Governance Statement (Statement) is to explain how the Police and Crime Commissioner (Commissioner) and the Chief Constable of Gwent have complied with their joint Manual of Corporate Governance (MoCG) during 2020/21 and in particular, the Code of Corporate Governance therein.

To this end, the Statement is written in two parts. Part one describes the governance arrangements in place during 2020/21. Part two reports on the review of the effectiveness and the outcomes of these arrangements.

This Statement assesses the governance arrangements in place during the 2020/21 financial year, so the entirety of the assessment period will be considered alongside the Coronavirus pandemic. Furthermore, the conclusion of the Statement, on whether or not the governance arrangements are fit for purpose, should generally reflect normal operations. However, as the Statement must be current at the time of its publication (normally the 31<sup>st</sup> July but this may be delayed as a result of the ongoing implications of the Coronavirus pandemic), any impact on the Governance arrangements from the 1<sup>st</sup> April 2021 up to the publication date will be reflected.

### Part One

#### Scope of Responsibilities

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

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

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

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

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

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

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

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

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

### **Purpose of the Governance Framework**

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

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

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

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

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

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

## Principles of Good Governance

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

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

The MoCG is also consistent with the seven core principles of good governance set out in the International Framework for Good Governance in the Public Sector<sup>1</sup>: -

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

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

The Nolan Principles refer to Leadership in terms of promoting and supporting the principles of Conduct in Public Life, but the Commissioner and the Chief Constable are explicitly committed to providing a robust, timely and caring response to events that affect the public and our communities. This is reflected in a clear statement in the Police and Crime Plan for 2017 - 2021 "Delivering a Safer Gwent", the priority given to preventing harm and protecting victims (particularly vulnerable people); to addressing the threats to community safety; and to working with local partner agencies in the public interest.

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

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

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

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

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

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

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

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

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

## Governance Arrangements

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

### Manual of Corporate Governance

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

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

### Principles of Relationships

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

The Principles also specify that the relationship between the Commissioner and Chief Constable will be built on trust, confidence and transparency. The governance arrangements adopted are consistent with the need to ensure accountability both between the parties and also accountability to the public. A transparent and auditable approach has been adopted which remained valid in 2020/21.

### Board Assurance Framework

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

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

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

The completed BAF was presented to the JAC in March 2021 and comments received which will continue to drive the evolution of the BAF. The BAF's current and future action plan will be monitored annually by the JAC, to provide reassurance that any material gaps and risks identified in respect of a failure to discharge statutory duties are being addressed. Internal governance arrangements have been agreed and the action plan will be monitored on a quarterly basis at the Strategic Planning Group.

A Single Point of Contact (SPOC) has also been appointed for both the OPCC's and the Force's actions, to ensure the BAF is updated and to ensure progress is made in between meetings. It is currently proposed that the overall BAF document is reviewed every four years following a Commissioner election, to determine whether any new areas of risk have been identified.

### FM Code

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

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

For these reasons, the Statement for 2020/21 will include the overall conclusion of an assessment of Gwent Police's compliance with the principles of the FM Code. Where there are outstanding matters or areas for improvement, these will be included in the action plan at Part 2 of this Statement. The six Principles of the FM Code which will be assessed are:

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

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



## OFFICIAL SWYDDOGOL

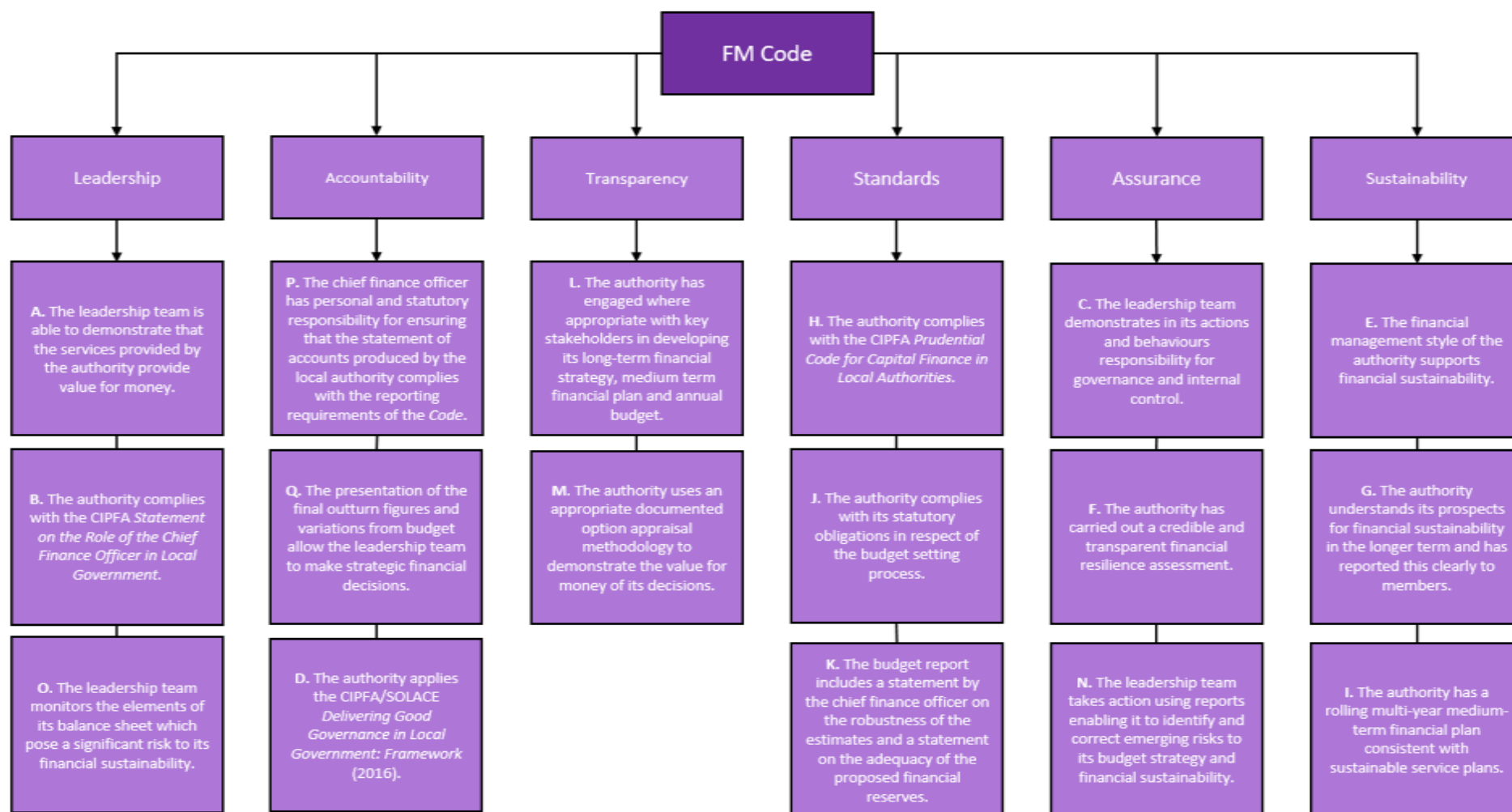
It is the duty of Gwent Police to adhere to the principles of financial management. To enable Gwent Police to test their conformity with the CIPFA Principles of Good Financial Management, the FM Code translates these principles into seventeen financial management standards across seven sections of the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

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

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

## OFFICIAL SWYDDOGOL

The seventeen standards applied across the six principles produced below:



## Governance Framework

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

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

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

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

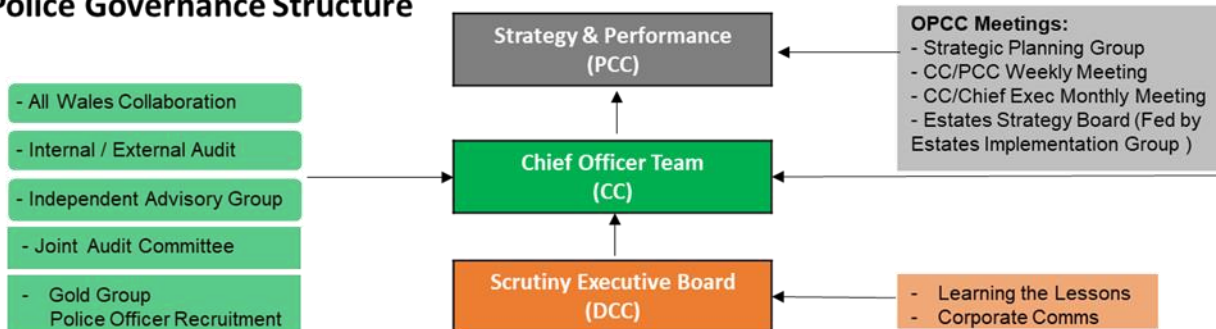
The colour key to the diagram is as follows:

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



## Gwent Police Governance Structure

v13.2 – 25.06.21



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

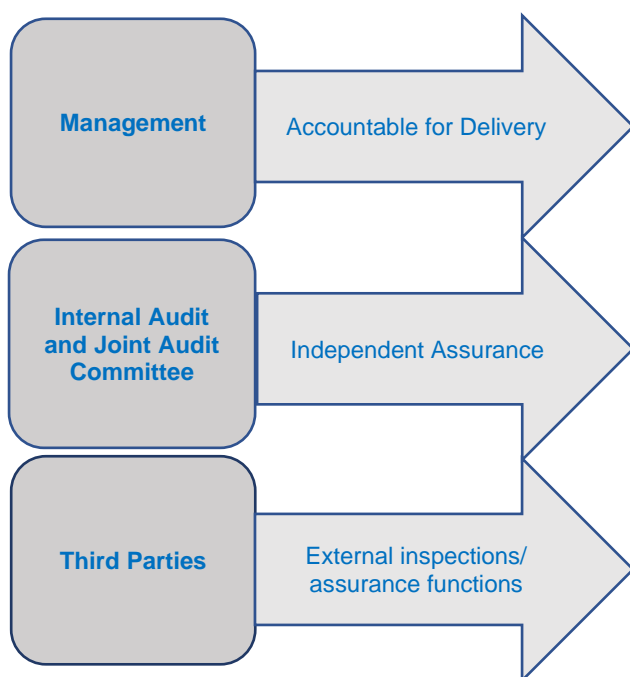
## Part Two

### Review of Effectiveness

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

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

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



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

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

The roles of the various bodies are detailed below:

#### Joint Audit Committee (JAC)

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

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

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

- Independent assurance to the Commissioner and the Chief Constable regarding the adequacy of the risk management framework and the associated control environment;
- Independent scrutiny of the Chief Constable's and the Commissioner's financial performance; and
- Oversight in relation to the financial reporting process adopted from the CIPFA Audit Committees Practical Guidance for Local Authorities.

The JAC provides comments, advice and assurance on matters relating to the internal control environment of the Force and the OPCC. It also has oversight of general governance matters. The JAC has specific responsibility to provide independent assurance on the arrangements for governance, including risk management and the internal control environment. During 2020/21, the JAC was composed of five individuals appointed by the Commissioner and the Chief Constable to act as independent advisers.

The JAC reports directly to the Commissioner and the Chief Constable. Four formal quarterly committee meetings are held each year in addition to an exceptional meeting to consider the Statement of Accounts and also an All-Wales Training Day for JAC members.

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

**The JAC Annual Report for 2020/21 confirmed that the JAC remains satisfied that the Commissioner and the Chief Constable can be assured that the control, risk and governance position for 2020/21 remained appropriate despite the significant challenges resulting from responding to the Coronavirus pandemic.**

#### **Independent Ethics Committee:**

This was jointly established by the Commissioner and the Chief Constable in April 2015. It is comprised of ten independent members as well as police officers and police staff. The Independent Ethics Committee provides advice, support and assistance concerning ethical challenges arising from operational, administrative or organisational matters facing Gwent Police. As noted in the action plan further in this Statement, the membership of this external independent Ethics Committee is currently being reviewed. Furthermore, the Chief Constable has recently set up and Chairs an internal Ethics Committee.

#### **Internal audit**

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

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

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

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

### Internal Audit Work During 2020/21

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

However, by virtue of the Commissioner and Chief Constable being members of the Shared Resource Services (SRS), for the delivery of Information Communication Technology (ICT) services in collaboration with Torfaen County Borough Council (TCBC), Monmouthshire County Council (MCC), Blaenau Gwent County Borough Council (BGCBC) and Newport City Council (NCC), from May 2016, the TCBC internal audit service was selected to undertake the audit plan for the SRS. This was to ensure that a consistent audit approach was adopted across all constituent SRS partners and therefore TIAA were formally advised that they would no longer be expected to provide assurance to the Joint Audit Committee for the ICT services operated by Gwent Police.

Progress on the delivery of the internal audit plan for ICT services is reported to the Joint Audit Committee alongside the audit plan delivered by TIAA. Such assurance will be provided by TCBC internal audit function, to which the WAO will refer in considering the control framework for the ICT functions.

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

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



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

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

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

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

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

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

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

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

This opinion is defined as:

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

## External Audit

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

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

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

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

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

### Other Bodies

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

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

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

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

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

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

### Inspection Work During 2020/21

During the on-going Coronavirus pandemic, HMICFRS' activity was suspended between March and July 2020 and then duly recommenced. HMICFRS's reports during 2020/21 supported the monitoring and development of many of the Force's priorities. They also produced a suite of value for money indicators (albeit later than usual due to the Coronavirus pandemic) to challenge areas of exceptional spend, demand and performance, in comparison with Gwent Police's most similar forces. The results of the benchmarks inform the Force's change programme.

### PEEL Assessment by HMICFRS

During 2020/21, HMICFRS published their future activity on its assessments of police forces, which would allow members of the public to see how well its local force is performing. These are known as PEEL assessments (and examine **P**olice **E**ffectiveness, **E**fficiency and **L**egitimacy):

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

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

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

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

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

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

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

**HMICFRS also undertook a number of national/thematic reviews in 2020/21. Gwent were subject to:**

- October 2020 – Coronavirus pandemic inspection:
  - Early feedback was very positive and Gwent Police awaits the final national report in response to the pandemic.
- February 2021 - Fraud follow up and revisit on recommendations and areas for improvement:
  - The feedback received was that progress had been made against all recommendations and a report will be published in June 2021.
- March 2021 – super-complaint - Police perpetrators of Domestic Abuse:
  - Initial feedback has been shared with the leads for Public Protection and Professional Standards Departments. The Independent Office of Police Conduct (IOPC) will be reviewing the misconduct and conduct aspect. A report will be published in October 2021.
- March 2021 - Neurodiversity in the Criminal Justice System:
  - Initial feedback was positive and Gwent Police awaits the overarching national report being prepared by HMI Prisons and Probation (due July 2021).

## **Police and Crime Panel**

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

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

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

The responsibilities and powers of the panel include:

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

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

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

***During 2020/21 the work of the Panel included consideration of the following:***

- The progress on delivery of the Police and Crime Plan;
- Scrutiny of OPCC evidence for monitoring Force Performance;
- The Force and OPCC's response to the Coronavirus pandemic;
- The use of Automatic Facial Recognition technology by Gwent Police;
- Medium Term Financial Projections;
- Precept proposal 2021/22;
- Progress on the Estate Strategy;
- Implementation of Welsh Language Standards across Gwent Police – Annual Report;
- Strategic Equality Plan Annual Report;
- Treasury Management Strategy;

There were 5 meetings of the Police and Crime Panel in 2020/21.

**Coronavirus Command Structure**

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

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

Business continuity plans were requested from all Departments across the Force (including the OPCC) in early March 2020, to help plan for staff absences and any shortages of supplies and equipment. These have been kept up to date and constantly reviewed by Heads of Department. They proved effective in ensuring Gwent Police were able to continue providing its full range of services to communities throughout the pandemic.

The plans were supported by Gwent Police's mobile IT capability, which ensured officers and staff were already well equipped with mobile phones and laptop devices. This ensured non-operational staff had the ability to work from home without a loss of capability. Meetings and communications were uninterrupted and governance arrangements remained robust, as both the OPCC and the Force adopted an online solution provided by Microsoft 'TEAMS', in place of face to face contact. The use of TEAMS was shared with our partners, which ensured multi-agency meetings and work, including safeguarding of the vulnerable, was able to continue.

Staff from the Continuous Improvement Department were utilised to quickly and efficiently introduce a Logistics Cell. This Cell co-ordinated allocation of Personal Protective Equipment (PPE); reviewed daily abstractions; allocated additional laptops to self-isolating staff; and arranged Coronavirus testing appointments with the Public Health testing Centres. The Cell also began to produce a new, daily performance report for the Gold Meeting. This report contains up-to-date daily data about Crime, ASB, hate incidents, domestic abuse and other areas of work, so the organisation can respond to threat, risk or harm trends. The report kept staff up to date by summarising the latest updates from national and regional governments and policing bodies. It also contained the results of Force horizon scans to ensure Gwent Police is sighted on potential future developments, thereby being able to put appropriate plans in place.

The Force responded to the initial outbreak by providing all available PPE to officers and staff. Due to initial shortages suffered by all agencies across the country, 'COVID Cars' (vehicles crewed by officers who had immediate access to enhanced PPE equipment) were used to deploy to incidents where the presence of the virus was suspected. This was recognised as best practice nationally and some Forces still use this approach. Gwent Police's approach was subsequently enhanced so that every Response Policing vehicle was equipped with two enhanced PPE kits, thereby turning every vehicle into a 'COVID Car'. PPE was successfully sourced through both local and national channels to ensure there was sufficient supply within a short period of time. The Force did not experience the anticipated spike in absences as a result of Coronavirus. This was facilitated by robust daily management, clear guidance and recording protocols issued through an internal communications strategy and regular contact with officers and staff who were unwell or experiencing symptoms. A new, central reporting line was established for officers and staff to phone into if they were unwell, which streamlined the process and made absence reporting more efficient and effective.

University accommodation was sourced for officers and staff who were concerned about residing at home during the Coronavirus outbreak, due to living with vulnerable family members. This provision enabled officers and staff to continue to work during the pandemic, whilst providing a level of protection to their family members.

Welfare support for officers and staff has been prioritised by the Occupational Health Unit, who have worked closely with the Force Logistics Cell and Gwent's Strategic Co-ordination Group (a multi-agency forum that directs the partnership response to the crisis and which is chaired by the ACC). There has been a focus on arranging the Coronavirus testing of officers and staff and providing clear guidance about self-isolation and shielding. Staff Associations were involved in the process and dialled into Gold/ Silver meetings each day to provide additional support.

To maximise operational capability, officers and staff who are self-isolating but had the ability to work from home were provided with a laptop (if they did not already have access to one) and tasked with organisationally important work. The Force implemented a structured process to ensure those officers and staff were both properly supported and effectively tasked. This involved personal telephone contact from a supervisor, which provided an opportunity for wellbeing check-ins and a skills and abilities assessment. Examples of the work completed were:

- The use of shielding Custody Detention Officers to complete outstanding tasks in the Force's Records Management System (Niche);
- Schools Liaison Officers being deployed to other areas of work, such as the Force Control Room; and
- Staff from across the Force, including Community Support Officers (CSOs), interview transcript clerks, Station Enquiry Officers (SEOs) and business support officers undertaking:
  - A review of custody records;
  - Improving data quality in NICHE;
  - Processing of central ticket office backlogs;
  - Completing taped interview transcripts; and
  - Reviewing open investigations.

Gwent Police's First Point of Contact centre (Control Room) has continued to operate normally, after being redesigned and relocated to three separate sites to ensure the safety of officers and staff.

There has been a substantial increase in demand on the Social Media Desk. This provision has helped ensure that call demand remains manageable.

With regards to officer training, the Learning & Development Department introduced online 'virtual learning' for the January 2020 intake of new student officers. Where classroom-based learning was still required, social distancing measures have been introduced and classes were split into smaller 'pods' to provide a safer environment. Online 'Skype' interviews were also arranged for the next set of potential Gwent Police recruits.

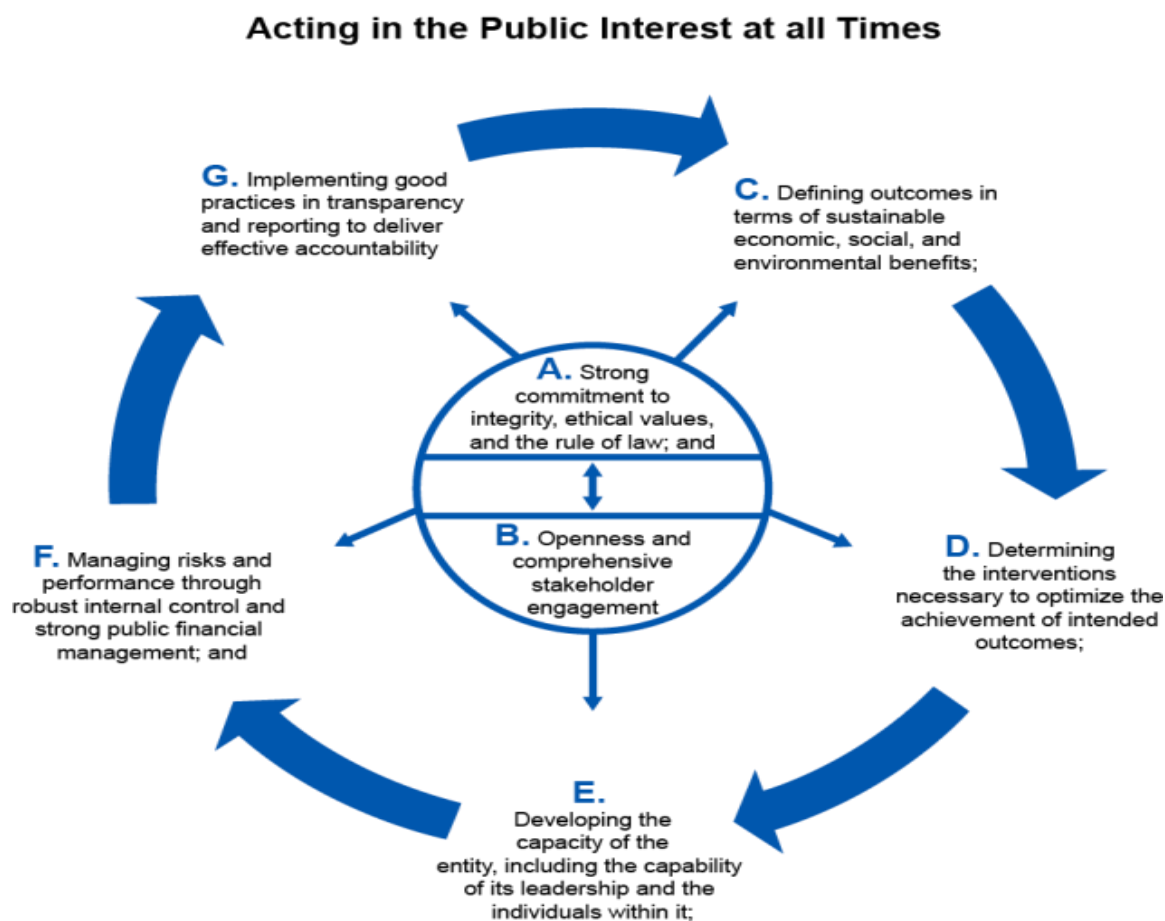
In the event of a third spike in the Coronavirus pandemic, the proven arrangements highlighted above will be stood up again to meet the policing response.

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## Annual Assessment and Action Plans

### Seven Core Principles of Good Governance

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



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

A summary of the 2020/21 assessment is shown below:

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

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

## 2020/21 Action Plan

No significant governance issues were identified for 2020/21; however, the following action plan addresses the issues identified:

Category	Risk Area/Weakness	Action to be Delivered in 2021/22 and Beyond
<b>Behaving with Integrity and Ethics.</b>	Agendas for formal OPCC meetings need to state that attendees ensure decisions and discussions at the meeting support and respect: <ul style="list-style-type: none"> <li>• The OPCC values;</li> <li>• Our responsibilities under the Welsh Language Standards;</li> <li>• Equality, Diversity and Inclusion; and</li> <li>• The principles of the Code of Ethics: Accountability, Integrity, Openness, Fairness, Leadership, Respect, Honesty, Objectivity and Selflessness.</li> </ul>	This will be implemented from 1 <sup>st</sup> June 2021.
<b>Behaving with Integrity and Ethics.</b>	OPCC Personal Development Review process to record evidence of values and ethical behaviour.	This will be implemented for Quarter 1 2021/22 PDR process.
<b>Determine Interventions.</b>	Further work required to demonstrate evidence that budgets, service plans and objectives are aligned	The annual budget setting process adopts a 'bottom up' approach, with individual Department/ Workstream requirements aligned to the strategic needs of the organisation; strategic risks; and national requirements. Furthermore, the Finance Department play a key role in the compilation of the Force Management Statement.  In terms of short-term co-ordinated planning, Departmental/Workstream business plans will be developed during 2021/22, which will be incorporated in the 2022/23 budget setting round and Force Management Statement.



	Continue to develop exit and decommissioning strategies to evidence the resultant changes.	During 2020/21, the Commissioner revised his commissioning Strategy and Framework, which considers in depth the approach to decommissioning services. It is expected that during 2021/22 this updated approach will confirm the impact of decommissioning decisions.
<b>Risks and Performance</b>	On the 23 <sup>rd</sup> March 2021 there was a Treasury Management Strategy breach in the value maintained in the Commissioner's current bank account. This was the fault of a counterparty, who did not repay a £3m loan on the day it was due. The counterparty admitted its liability and settled the overdraft fees for this breach.	Officers within the Finance Department have reminded the counterparty of the need for timely repayment; and Officers will also be more proactive in contacting counterparties if funds have not been repaid by 10:00 a.m. on the day due.  Furthermore, a wider Finance Department workshop will address a number of Treasury Management processes to ensure that they are robust.
<b>Risks and Performance</b>	During 2020/21, the OPCC experienced no data breaches.  The Force experienced 61 data breaches during 2020/21. None of the breaches were considered high risk; therefore there was no requirement for reporting any to the Information Commissioners Office (ICO) – e.g. data breaches are recorded for such things as losing an ID card, mobile phone or 'Body Worn Video' device. All 61 breaches were assessed and closed with suitable advice given and therefore none remain open.	Officers and staff will continue to be reminded of the importance of security of data and the wider requirements and implications of the General Data Protection Regulations (GDPR). There are mandatory <b>National Centre for Applied Learning Technologies</b> (NCALT) packages, the completion of which can be monitored.  Details of breaches, impact, mitigation and outcome are recorded and kept by the Record Review Officer (OPCC) and Data Protection Officer (Force) in line with Management of Police Information (MOPI) and GDPR.
<b>Risks and Performance</b>	Continue to improve benefits realisation plans and monitoring reporting	The Force has appointed a Benefits Realisation Officer whose aim is to improve the targeting, reporting, monitoring and delivery of benefits realisation.

Progress against 2019/20 Action Plan

Category	Risk Area/Weakness	Action to be Delivered in 2020/21 and Beyond
Behaving with Integrity and Ethics; and Capacity and Leadership.	Need to establish the effectiveness of ethical awareness training and the degree it underpins organisational culture. (OPCC and Force)	<p>The Ethics Committee will be tasked with establishing the most appropriate mechanism to determine effectiveness. Its recommended approach will be delivered as an action plan throughout 2020/21.</p> <p><b>2020/21 Update:</b> Ongoing - an internal Ethics Committee has been set up (chaired by the Chief Constable), which will complement the work of the external Ethics Committee (whose membership is currently under review). The remit of the new internal Ethics Committee will consider the effectiveness of ethical awareness training during 2021/22.</p>
Behaving with Integrity and Ethics; Sustainable Outcomes; and Capacity and Leadership.	Need to ensure that whistleblowing policies are in place and working effectively. (OPCC and Force)	<p>The findings of the 2019/20 Internal Audit will be implemented.</p> <p><b>2020/21 Update:</b> The 2019/20 Internal Report recommended a standalone Whistleblowing Policy which would also adopt additional steps to clarify if a concern raised should be treated as whistleblowing, or another form of complaint. The updated policy is currently being finalised by the Professional Standards Department and Joint Legal Services.</p>
Behaving with Integrity and Ethics.	Need to evidence that there is two-way interaction between the Commissioner's Police and Crime Plan and the community plans of Local Authorities. (OPCC and Force)	<p>Ongoing attendance of OPCC staff at the Gwent Public Services Boards will assist in embedding the benefits of a two-way interaction between devolved and reserved Functions in Wales.</p> <p><b>2020/21 Update:</b> Complete - There is a legal requirement to work in partnership with public bodies and have regard to each other's priorities. The current work of each Public Service Board (PSB) in Gwent actively demonstrates the two-way interaction.</p> <p>Internally, the recently revised Commissioning Strategy and framework proactively determines the effective relationships and delivery of outcomes between the OPCC and its funded partners.</p>
Sustainable Outcomes, Managing Risks and	Need to evidence that Gwent Police is acting upon HMICFRS	This will be delivered through the revised meeting structure within

<p><b>Transparency and Accountability.</b></p>	<p>assessments and recommendations. (OPCC and Force)</p>	<p>the Force and between the OPCC.</p> <p><b>2020/21 Update:</b> Complete – Areas for Improvement (AFI) reports are produced for the monthly Scrutiny and Effectiveness Board.</p>
<p><b>Risks and Performance</b></p>	<p>The effectiveness of business continuity planning needs to be assessed in light of the Coronavirus pandemic and the transition to the 'new norm'.</p> <p>At the 30<sup>th</sup> June 2020, the direct costs of £650k in responding to the pandemic since March 2020 have been:</p> <p>£433k - PPE Purchases; £71k – Testing; £62k - ICT Costs; £52k – Overtime; £19k - Estate Costs (incl. Cleaning and H&amp;S measures; £9k - Fleet Costs; and £4k – Training Cancellations</p> <p>In July 2020, the Home Office confirmed that the costs of PPE will be reimbursed to Forces.</p> <p>It is expected that the above costs will also be partly offset from savings in other budget areas such as travel and subsistence, utilities etc, by virtue of lockdown restrictions.</p> <p>Looking longer term, both the Commissioner's Police and Crime Plan and Force's Delivery plan will need to reflect the changing world which will emerge post Coronavirus.</p> <p>(OPCC and Force)</p>	<p>Existing Internal Audit recommendations to be finalised on business continuity plan.</p> <p>The Business Support Silver group has been tasked with managing the recovery of Gwent Police. Each Department (including the OPCC) has been tasked with developing plans that will lead to:</p> <ul style="list-style-type: none"> <li>• A resumption of business as usual;</li> <li>• Anticipating and planning for a new normal;</li> <li>• Delivering improved and transformed operating processes and procedures, building on lessons learnt and capturing and embedding good practice; and</li> <li>• An appreciation of the short-term, medium and long-term direct costs of Coronavirus to Gwent Police.</li> </ul> <p>In addition, senior leaders in both the OPCC and the Force will undertake an assessment of the longer-term disruption and consequences arising from the Coronavirus pandemic, such as:</p> <ul style="list-style-type: none"> <li>• The medium to long-term impact on Government Grant; Precept Income; expenditure projections; and access to borrowing;</li> <li>• The Impact on the Commissioner's Estate Strategy (the building of the new HQ development has been largely unaffected by the pandemic and its future use is also assured, based on currently expected changes to working practices);</li> <li>• The future reliance on ICT systems to support agile working; and</li> <li>• The impact on the People Strategy to reflect the fundamentally different working practices that have</li> </ul>

		<p>evolved as a result of the pandemic.</p> <p><b>2020/21 Update:</b>  Ongoing - The Force and OPCC have successfully emerged from the first two waves of the Coronavirus pandemic. As highlighted above, in October 2020 HMICFRS undertook a Coronavirus pandemic inspection. Early feedback was very positive and Gwent Police awaits the final national report in response to the pandemic.</p>
<b>Risks and Performance</b>	<p>Due to an unexpected internet interruption in August 2019, the Assistant Accountant (Treasury) was unable to transfer funds to a Money Market Fund that day. This resulted in the Commissioner retaining funds in the bank account (£5.5m), in excess of the level determined in the Treasury Management Strategy (£2m). This minor breach of the Commissioner's Treasury Management Strategy was rectified the following day. (OPCC and Force)</p>	<p>Contingency plans for events outside the control of the Finance Department, to avoid breaches in Financial Strategies, Regulations and Procedures should be reviewed.</p> <p><b>2020/21 Update:</b>  Complete – Contingency plans reviewed, which remain fit for purpose.</p>
<b>Risks and Performance</b>	<p>During 2019/20, the OPCC experienced one data breach, through the loss of a mobile phone. Due to the security features in place and the ability to delete the contents of the phone remotely, this breach was not significant enough to report to the ICO.</p> <p>Furthermore, the Force experienced 65 data breaches during 2019/20. Details of breaches, impact, mitigation and outcomes are recorded and kept by the Record Review Officer in line with MOPI and GDPR.</p>	<p>Officers and staff will continue to be reminded of the importance of security of data and the wider requirements and implications of the GDPR. There are mandatory NCALT packages, the completion of which can be monitored.</p> <p>Details of breaches, impact, mitigation and outcomes are recorded and kept by the Record Review Officer (OPCC) and Data Protection Officer (Force) in line with MOPI and GDPR.</p> <p><b>2020/21 Update:</b>  Complete - officers and staff (Force and OPCC) have undertaken annual refresher training.</p>
<b>Transparency and Accountability</b>	<p>The effectiveness of the governance arrangements for collaboration agreements needs to be determined. (OPCC and Force)</p>	<p>AW are undertaking a review of the governance arrangements across Welsh Forces within collaborative areas of work. Their findings will be reported during 2020/21.</p> <p><b>2020/21 Update:</b>  Complete – the findings of the AW review have been reported, accepted and completed by the All Wales Collaboration Board.</p>



## Outstanding Progress against 2018/19 Action Plan

Category	Risk Area/Weakness	Action to be Delivered in 2019/20 and Beyond
Behaving with Integrity and Ethics; Openness and Engagement; and Determine Interventions.	Clarity required over 'decision making' framework and procedures, including how evidence is collected that shared values guide decision making. (OPCC and Force)	<p>Decision Making framework and procedures to be considered.</p> <p><b>2019/20 Update:</b>  Partly Complete - OPCC away days have considered the purpose and values of the OPCC and also the Nolan principles. This has been supplemented by clarification of role profiles and portfolios for the Executive Team.  The revised meeting structure within the Force and between the OPCC will need time to 'bed in' to determine its effectiveness.</p> <p><b>2020/21 Update:</b>  Partly Complete - The revised meeting structure within the Force and between the OPCC is working effectively.</p> <p>Revisions to the governance arrangements for internal OPCC meetings have been reviewed and recommended changes will be adopted from Quarter 2 of 2021/22. In addition, the Agendas for formal OPCC meetings will now state that attendees ensure decisions and discussions at the meeting support the values of the OPCC.</p>
Behaving with Integrity and Ethics; Openness and Engagement; and Determine Interventions.	Protocols for Partnership working to be established; to include how values are embedded and evidenced. (OPCC and Force)	<p>Partnership working protocols to be developed.</p> <p><b>2019/20 Update:</b>  Ongoing – Formal protocols yet to be established. Carry forward to 2020/21 Action Plan.</p> <p><b>2020/21 Update:</b>  Ongoing – a number of existing partnership arrangements (such as S22a Agreements, Memorandum of Understanding, Information Sharing Agreement) include such protocols. Current and future arrangements will be reviewed to ensure consistency and completeness in approach. Furthermore, in line with the development of the OPCC meeting's agenda to address values and ethics, this will be expanded to encompass partnership meetings too.</p>
Determine Interventions; and Risks and Performance.	Performance Management Framework and Measures for the Police and Crime Plan yet to be finalised. (OPCC and Force)	<p>Performance Management Framework and Measures to be finalised for the Police and Crime Plan and evidence of corrective action (where necessary) provided.</p>

		<p><b>2019/20 Update:</b> Ongoing – Significant progress and reporting to governance boards. Format due to be finalised. Carry forward to 2020/21 Action Plan.</p> <p><b>2020/21 Update:</b> Complete – Performance management and monitoring arrangements are in place, for robust reporting to the Commissioner and the Police and Crime Panel.</p>
<b>Determine Interventions.</b>	Business Plans do not demonstrate consideration of 'Social Value'. (OPCC and Force)	<p>Consideration should be given to embedding the concept of 'Social Value' across the OPCC and Force.</p> <p><b>2019/20 Update:</b> Ongoing – Both the Commissioning Framework and Procurement Strategy consider the wider social elements and provide the main general commitment to social value. In addition Gwent Police has signed up to the Welsh Government Code of Practice on ethical supply chains. Further embedding of this concept could be through the development of a Social Value Policy. Carry forward to 2020/21 Action Plan.</p> <p><b>2020/21 Update:</b> Ongoing - this requirement will be included in both the business planning process and benefits realisation strategy, which are being developed during 2021/22.</p>

## FM Code

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

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

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

In compliance with the expectations of the shadow year of implementation, Gwent Police's 2020/21 assessment against the FM Code's financial management standards is detailed below. A detailed assessment of the evidence in support of the assessment is maintained, with only the subsequent action plan produced in this Statement.



FM Code Sections and Standards		Principle	Assurance
The Responsibilities of the Chief Finance Officer and Leadership Team	The leadership team is able to demonstrate that the services provided by the authority provide value for money.	Leadership	Reasonable
	The authority complies with the CIPFA <i>Statement on the Role of the Chief Finance Officer in Local Government</i> .	Leadership	Substantial
Governance and financial management style	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.	Assurance	Substantial
	The authority applies the CIPFA/SOLACE <i>Delivering Good Governance in Local Government: Framework</i> (2016).	Accountability	Substantial
	The financial management style of the authority supports financial sustainability.	Sustainability	Reasonable
Long to medium-term financial management	The authority has carried out a credible and transparent financial resilience assessment.	Assurance	Partial
	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.	Sustainability	Substantial
	The authority complies with the CIPFA <i>Prudential Code for Capital Finance in Local Authorities</i> .	Standards	Substantial
	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.	Sustainability	Reasonable
The annual budget	The authority complies with its statutory obligations in respect of the budget setting process.	Standards	Substantial
	The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.	Standards	Substantial
Stakeholder engagement and business plans	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy,	Transparency	Substantial

	medium-term financial plan and annual budget.		
	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	Transparency	Partial
Monitoring financial performance	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	Assurance	Reasonable
	The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability	Leadership	Substantial
External financial reporting	The Chief Finance Officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the <i>Code of Practice on Local Authority Accounting in the United Kingdom</i> .	Accountability	Substantial
	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.	Accountability	Substantial
<b>Assurance Definitions</b>			
Substantial	All areas reviewed of the organisation's financial management arrangements were found to comply with the FM Code.		
Reasonable	Most areas reviewed of the organisation's financial management arrangements were found to comply with the FM Code.		
Partial	Most areas reviewed of the organisation's financial management arrangements were found not to comply with the FM Code.		
None	All areas reviewed of the organisation's financial management arrangements were found not to comply with the FM Code.		

## 2020/21 Action Plan

No significant weaknesses were identified for 2020/21; however, the following action plan addresses the issues identified:

Category	Risk Area/Weakness	Action to be Delivered in 2021/22 and Beyond
The leadership team is able to demonstrate that the services provided by Gwent Police provide value for money.	Is Gwent Police able to demonstrate the action that it has taken to promote value for money and what it has achieved?	<p>Continue the need to document benefits and savings particularly in relation to post implementation reviews and reporting to Service Improvement Board (SIB).</p> <p>Develop and incorporate more fully the links between the Force Management Statement, budget setting, people</p>

		<p>establishment and performance monitoring.</p> <p>Maintain the focus on savings through governance groups and Chief Officer Team meetings.</p>
<b>The financial management style of Gwent Police supports financial sustainability.</b>	Do managers across Gwent Police possess sufficient financial literacy to deliver services cost effectively and to be held accountable for doing so?	Development of financial management skills across the force through internal training and CIPFA's Achieving Financial Excellence in Policing phase 2 workshops.
<b>Gwent Police has carried out a credible and transparent financial resilience assessment.</b>	<p>Has Gwent Police undertaken a Financial Resilience Assessment?</p> <p>Has the Assessment tested the resilience of Gwent Police's financial plans to a broad range of alternative scenarios?</p> <p>Has Gwent Police taken appropriate action to address any risks identified as part of the assessment?</p>	<p>The CIPFA Financial Resilience Assessment toolkit has not been extended to cover local policing bodies. The Financial Management sub group of the Achieving Financial Excellence in Policing is endeavouring to produce a tool kit but this has yet to be tested. A review will be undertaken as soon as the toolkit is ready.</p>
<b>Gwent Police has a rolling multi-year medium-term financial plan consistent with sustainable service plans.</b>	Is the medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy?	Considerable work has been undertaken to align the MTFP with the Force Management Statement over the last year and indeed is considered alongside the Reserves and Capital Strategies. Further work planned to better link operational plans to resources and strategies.
<b>Gwent Police uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.</b>	Does the authority have a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication 'Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal'?	<p>Arrangements for assessing significant changes are well developed and overseen by an active Service Improvement department. Projects are managed using Prince2, UK Government Green Book and other relevant guidance and processes.</p> <p>All Programmes have documented assessment of impact / benefits at all stages, with regular reporting during the project and post implementation review reporting to governance boards, primarily SIB.</p> <p>Continue to develop options appraisal and business templates to present HR and Finance implications more clearly.</p> <p>Service Improvement department have recently set up a bespoke Benefits Realisation officer to ensure that change programmes deliver on expected outcomes.</p>

	<p>Does the authority offer guidance to officers as to when an option appraisal should be undertaken?</p> <p>Does the authority's approach to option appraisal include suitable mechanisms to address risk and uncertainty?</p>	<p>Arrangements are strong but can be clarified so that all projects/business cases presented to Service Improvement Board are reviewed by Service Improvement. Communications will be reinforced.</p> <p>Associated risks are considered throughout the process. However, Further work is required to reflect monetary and non-monetary impact of risk in the appraisal processes.</p>
<b>The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.</b>	Is the leadership team happy with the reports that it receives and with its ability to use these reports to take appropriate action?	Further work is ongoing to provide more detailed financial reporting and timely ability to reinvest in year surpluses

## Conclusion and Opinion

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

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

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

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

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

Jeff Cuthbert

.....  
Police and Crime Commissioner for Gwent

Darren Garwood-Pask

.....  
Chief Finance Officer (Commissioner)

Sian Curley

.....  
Chief Executive (Commissioner)

Pamela Kelly

.....  
Chief Constable of Gwent

Nigel Stephens

.....  
Chief Finance Officer (CC)

## Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. This statement reflects the resources that were consumed by the Chief Constable during the year to 31 March 2021. In practice all respective costs are paid for by the Police and Crime Commissioner and the Comprehensive Income and Expenditure Statement includes an intra-group adjustment to reflect this, resulting in an overall nil cost for Police services. The format has been amended this year to reflect the internal reporting format in the management accounts. The Police Staff and CSO Salaries and Allowances were previously shown separate, these have now merged into one line. The same change has been carried out in regards to the Police Staff and CSO Overtime and Enhancements expenditure.

The Police and Crime Commissioner raises taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2019/20				2020/21		
Restated Expenditure	Restated Income	Restated Net		Expenditure	Income	Net
£000	£000	£000	Notes	£000	£000	£000
86,730	0	86,730	Police Officer Salaries and Allowances	86,750	0	86,750
35,118	0	35,118	Police Staff and PCSO Salaries and Allowances	35,554	0	35,554
2,474	0	2,474	Police Officer Overtime and Enhancements	2,521	0	2,521
1,447	0	1,447	Police Staff and PCSO Overtime and Enhancements	1,610	0	1,610
(3,010)	0	(3,010)	Other Employee Related Costs	3,464	0	3,464
7,389	0	7,389	Premises Costs	6,302	0	6,302
3,798	0	3,798	Transport Costs	3,837	0	3,837
25,242	0	25,242	Supplies and Services	22,891	0	22,891
472	0	472	Major Incident Schemes	412	0	412
145	0	145	Proactive Operational Initiatives	186	0	186
<b>159,805</b>	<b>0</b>	<b>159,805</b>	<b>Cost of Services</b>	<b>163,527</b>	<b>0</b>	<b>163,527</b>
0	(198,479)	(198,479)	<b>8</b> Intra-Group Funding Transfer	0	(196,107)	(196,107)
0	0	0	Other Operating Expenditure	0	0	0
41,960	(3,286)	38,674	<b>7</b> Financing and Investment Income and Expenditure	35,338	(2,758)	32,580
0	0	0	Taxation and Non Specific Grant Income	0	0	0
<b>201,765</b>	<b>(201,765)</b>	<b>0</b>	<b>Surplus or Deficit on Provision of Services</b>	<b>198,865</b>	<b>(198,865)</b>	<b>0</b>
		(164,071)	<b>17</b> Remeasurement of the net defined benefit liability / asset			199,846
		164,071	Intra-Group Transfer			(199,846)
		<b>0</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>0</b>
		<b>0</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>0</b>

## Balance Sheet

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

31 March 2020		31 March 2021	
£000	Notes		£000
1,444,332		Long-Term Debtors	1,680,744
<b>1,444,332</b>		<b>Long Term Assets</b>	<b>1,680,744</b>
474	9	Inventories	451
12,422	8	Short-Term Debtors	12,828
0		Cash and Cash Equivalents	0
<b>12,896</b>		<b>Current Assets</b>	<b>13,279</b>
0		Short-Term Borrowing	0
(12,896)	10	Short-Term Creditors	(13,279)
<b>(12,896)</b>		<b>Current Liabilities</b>	<b>(13,279)</b>
0		Long-Term Creditors	0
0		Provisions	0
(1,444,332)	11	Other Long-Term Liabilities	(1,680,744)
<b>(1,444,332)</b>		<b>Long Term Liabilities</b>	<b>(1,680,744)</b>
<b>0</b>		<b>Net Assets</b>	<b>0</b>
0		Usable Reserves	0
0		Unusable Reserves	0
<b>0</b>		<b>Total Reserves</b>	<b>0</b>



## Police Pensions Account

The Police Pension Fund Account at the 31st March 2021 is detailed below

2019/20 £000		2020/21 £000
	<b>Contributions Receivable:</b>	
(14,066)	Employer Contributions	(14,730)
(1,676)	Injury Pensions including Gratuities Paid	(1,683)
(241)	Early Retirements (Capital Equivalent Charges)	(504)
0	Un-authorized Backdated Lump Sum Tax Payments (Home Office funding)	0
(364)	Transfers in from other Schemes	(13)
(6,079)	Members Contributions	(6,367)
<b>(22,426)</b>	<b>Net Income</b>	<b>(23,297)</b>
	<b>Benefits Payable:</b>	
32,043	Pensions Paid	33,409
20	Refunded Contributions	13
7,642	Lump Sum Benefits	5,411
0	Un-authorized Backdated Lump Sum Tax Payments	0
74	Lump Sum Death Benefits	0
2	Transfers out to other Schemes	5
<b>39,781</b>	<b>Net Expenditure</b>	<b>38,838</b>
<b>17,355</b>	<b>Net Amount Payable for the Year</b>	<b>15,541</b>
(17,355)	Additional Contribution from the Police & Crime Commissioner	(15,541)
<b>0</b>	<b>(Surplus)/Deficit on Fund</b>	<b>0</b>

The Police Pension Fund Account Net Assets at the 31st March 2021 are:

31 March 2020 £000		31 March 2021 £000
	<b>Current Assets:</b>	
2,430	Prepaid Pension Benefits	2,475
3,027	Funding to meet deficit due from Police & Crime Commissioner/Home Office	2,820
0	Recovery of Pension Benefits	0
	<b>Current Liabilities:</b>	
0	Provision for Backdated Lump Sums	0
(4,527)	Overdrawn Pension Cash Position	(4,862)
(930)	Unpaid Pension Benefits	(433)
<b>0</b>	<b>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 is administered by Capita Plc. 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 31st March 2021. However, these are presented on the Balance Sheet under Net Pension Liability with detailed disclosures in Note 17, Defined Benefit Pension Schemes.

## Notes to the Financial Statements of the Chief Constable

This set of notes represents the consolidated notes for the Statement of Accounts for 2020/21.

### Note 1 - Accounting Policies

#### 1.1 General Principles

The Statement of Accounts summarises the Chief Constables transactions for the 2020/21 financial year and its position at the year-end of 31<sup>st</sup> March 2021. The Chief Constable is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the UK 2020/21 and the CIPFA Service Reporting Code of Practice 2020/21, supported by International Financial Reporting Standards (IFRS).

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

#### 1.2 Accruals of Income and Expenditure

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

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

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

Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

#### 1.3 Depreciation

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

#### 1.4 Employee Benefits

##### Benefits Payable during Employment

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

##### Termination Benefits

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

##### Post-employment Benefits

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

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

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

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

#### **Discretionary Benefits**

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

#### **Injury Benefits**

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

#### **1.5 Inventories and Long Term Contracts**

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

#### **1.6 Service Expenditure Analysis and Overheads**

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

The amendments have removed the requirement to analyse expenditure and income (the Net Cost of Police Services) in line with Service Reporting Code of Practice (SERCOP). In addition the requirement to re-allocate support services and overheads across CIPFA's mandatory SERCOP categories of policing activities was also removed.

The result is that since 2017/18, the Net Cost of Police Services has been reported in line with internal management reports for the 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 Gwent Police CC's arrangements for accountability and financial performance.

#### **1.7 Leases**

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

#### **1.8 Interests in Subsidiaries, Associates and Jointly Controlled entities including Joint Arrangements**

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

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

#### **1.9 Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors**

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

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

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

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

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

#### **1.11 Events after the Reporting Period**

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

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

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

### **1.12 Exceptional Items**

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

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

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code), the Chief Constable is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code.

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

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

IFRS 16 – Leases, issued in January 2019. The adoption of this standard has been deferred to the 2022/23 Code.

IFRS 3 – Business Combinations, amendment to definition of a business

Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 4, IFRS 7 and IFRS 16.

Given the above the PCC Group does not anticipate any additional disclosures to be required in the 2020/21 financial statements in respect of accounting changes that were introduced in the 2020/21 Code.

There are no new accounting standards that have not yet been issued but will significantly impact financial reporting in future years.

## **Note 3 - Critical judgments in applying accounting policies**

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

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

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

The items in the Chief Constable Balance Sheet as at 31st March 2021 for which there is a significant risk, of material adjustments in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<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. The Government Actuary's Department (GAD) have been engaged to provide the PCC Group with expert advice about the assumptions to be applied.	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the rate of increase in salaries would have a £19m increase in the Police Pension Scheme Liability.</p> <p>A one year increase in the life expectancy of Police Pensioners would result in the Police Pension Liability increasing by £54m.</p> <p>However, the assumptions interact in complex and sensitive ways. During 2020/21, GAD advised that the net pensions' liability had increased by £165.84m due to changes in financial assumptions used. In the previous financial year the net pension liability decreased by £99m attributable to changes in financial assumptions.</p> <p>In their IAS19 report on the Police Officer Pension Scheme the actuary has reported that the new scheme came into place in 2015 and that this may impact on retirement patterns. However, there is no scheme experience data yet which would highlight this change. Any adjustment that could be made would be highly subjective therefore no adjustment has been made.</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 £21k increase in the estimated liability.

## Note 5 - Material items of Income & Expenditure

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

## Note 6 - Events after the Balance Sheet date

The Draft Statement of Accounts was authorised for issue by the Assistant Chief Officer - Resources on 28<sup>th</sup> May 2021. There are no adjusting or non-adjusting events.

## Note 7 - Financing and Investment Income and Expenditure

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

2019/20 £000		2020/21 £000
0	Interest payable and similar charges	0
38,674	Net interest on the net defined benefit liability (asset)	32,580
0	Interest receivable and similar income	0
<b>38,674</b>	<b>Total</b>	<b>32,580</b>

## Note 8 - Intra Group Adjustments

The table below shows the movement through the Intra Group adjustment account within the PCC and Chief Constable's comprehensive Income and Expenditure Statement (CIES) and Balance Sheet during the year. Intra Group adjustments are required in 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 2019/20 £'000	Chief Constable 2019/20 £'000	PCC Group 2019/20 £'000		PCC 2020/21 £'000	Chief Constable 2020/21 £'000	PCC Group 2020/21 £'000
(9,009)	159,805	150,796	Net Cost of Services	(11,580)	163,527	151,947
1,359	38,674	40,033	Financing, Investment Income and Expenditure	(189)	32,580	32,391
(19,148)	0	(19,148)	Other Operating Expenditure	(16,898)	0	(16,898)
198,479	(198,479)	0	Intra-group Adjustment	196,107	(196,107)	0
<b>171,681</b>	<b>0</b>	<b>171,681</b>	<b>Total</b>	<b>167,440</b>	<b>0</b>	<b>167,440</b>
(389)	(164,071)	(164,460)	Actuarial (gains)/ losses on pension assets/ liabilities	1,344	199,846	201,190
(164,071)	164,071	0	Intra-group Adjustment	199,846	(199,846)	0
<b>(164,460)</b>	<b>0</b>	<b>(164,460)</b>	<b>Total</b>	<b>201,190</b>	<b>0</b>	<b>201,190</b>

### Balance Sheet Adjustments

PCC 2019/20 £'000	Chief Constable 2019/20 £'000	PCC Group 2019/20 £'000		PCC 2020/21 £'000	Chief Constable 2020/21 £'000	PCC Group 2020/21 £'000
0	474	474	Inventories	0	451	451
(868)	(12,896)	(13,764)	Creditors	(1,952)	(13,279)	(15,231)
(12,422)	12,422	0	Intra-group Adjustment	(12,828)	12,828	0
<b>(13,290)</b>	<b>0</b>	<b>(13,290)</b>	<b>Total</b>	<b>(14,780)</b>	<b>0</b>	<b>(14,780)</b>

## Note 9 - Inventories

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

	Consumable Stores		Maintenance Materials		Total	
	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000
Balance outstanding at start of year	487	415	72	59	559	474
Purchases	506	426	324	303	830	729
Recognised as an expense in the year	(578)	(464)	(337)	(288)	(915)	(752)
<b>Balance Outstanding at Year End</b>	<b>415</b>	<b>377</b>	<b>59</b>	<b>74</b>	<b>474</b>	<b>451</b>

## Note 10 - Creditors

Short-Term Creditor balances held by the Chief Constable at the 31st March 2021 are:

31 March 2020 £000		31 March 2021 £000	
(6,835)	Trade payables	(5,721)	
(6,061)	Other payables	(7,558)	
<b>(12,896)</b>	<b>Total Creditors</b>	<b>(13,279)</b>	



## Note 11 – Other Long Term Liabilities

### Net Pension Liability

31 March 2020		31 March 2021
£000		£000
1,569,969	Balance 1 April	1,444,332
(164,071)	Remeasurements of the net defined benefit (liability)/asset	199,846
76,305	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	73,208
(37,871)	Employer's pensions contributions and direct payments to pensioners payable in the year	(36,642)
0	Other movements	0
<b>1,444,332</b>	<b>Balance 31 March</b>	<b>1,680,744</b>

The Pension Reserve and corresponding net pension liability absorbs the timing differences arising from the different arrangements for accounting post-employment benefits in accordance with statutory provisions. The Chief Constable accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resource set aside to meet the costs.

However, statutory requirements require benefits earned to be financed as the Police and Crime Commissioner makes employer's contributions to the 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 between benefits earned by past and current employees and the resources Gwent Police PCC has set aside to meet them. The statutory arrangements will ensure funding will have been set aside by the time the benefits come to be paid.

Any Statutory Reserves relating to Pension Liabilities are also required to be accounted for in the Statement of Accounts for the Police and Crime Commissioner and the Police and Crime Commissioner Group. Therefore, a Long Term Debtor has been set up between the Statement of Accounts of the Chief Constable and the Statement of Accounts of the Police and Crime Commissioner (where the corresponding Long Term Creditor entry is accounted for) so as to recognise that the Police and Crime Commissioner ultimately funds any pension liabilities.

## Note 12 - Members' Allowances

In 2020-21 £4,706 paid to Joint Audit Committee Members was split evenly with the PCC.

31 March 2020		31 March 2021
£		£
0	Salaries	0
3,292	Allowances	2,350
125	Expenses	4
<b>3,417</b>	<b>Total Members' Allowances</b>	<b>2,354</b>

## Note 13 - Police Officer and Police Staff Remuneration

### Police and Police Staff Numbers

	2019/20	2020/21
<b>Police Officers:</b>		
Above the rank of Constable	287	303
Constable	1,048	1,085
<b>Total</b>	<b>1,335</b>	<b>1,388</b>
<b>Police Staff:</b>		
Full Time	706	768
Part Time	141	154
<b>Total</b>	<b>847</b>	<b>922</b>

The above numbers are as at 31<sup>st</sup> March 2021

### Remuneration Received

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

2019-20	Remuneration Band	2020-21
11	£60,000 - £64,999	26
4	£65,000 - £69,999	7
4	£70,000 - £74,999	2
6	£75,000 - £79,999	5
4	£80,000 - £84,999	4
2	£85,000 - £89,999	2
0	£90,000 - £94,999	4
1	£95,000 - £99,999	1
2	£100,000 - £104,999	1
2	£105,000 - £109,999	0
1	£110,000 - £114,999	1
1	£115,000 - £119,999	0
0	£120,000 - £124,999	1
0	£125,000 - £129,999	0
0	£130,000 - £134,999	0
0	£135,000 - £139,999	1
0	£140,000 - £144,999	0
1	£145,000 - £149,999	0
0	£150,000 - £154,999	0
0	£155,000 - £159,999	1

### Remuneration Relationship

Reporting bodies are required to disclose the relationship between the highest paid 'Executive' in the organisation and the median remuneration of the organisations workforce during the year to which the accounts relate. Remuneration is based on full time annualised remuneration payable and is determined by taking the salary as at 31<sup>st</sup> March 2021 plus the benefit in kind and other payments made during the period.

	2019/20	2020/21
Chief Constables Pay	154,769	160,735
Median Pay of the Chief Constable's Staff	29,064	30,411
Median Pay Ratio	5.33	5.29

### Remuneration Disclosure

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

Expense allowances include "essential user" car lump sum allowance and benefit in kind includes the money value of benefits received otherwise than in cash e.g. private use of a Force asset. Other payments include those allowances only relevant to Police Officers such as rent allowance and compensatory grant. During the year no amounts were paid in respect of compensation for loss of employment. Equivalent disclosure is provided for the previous year 2019/20.

## Relevant Senior Officers and Staff Remuneration

Relevant Senior Police Officers and Police Staff Remuneration for the year ended 31<sup>st</sup> March 2021.

2020/21

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

### Notes

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

Post Holder Information (Post Title)	Note	Salary £	Post Related Pay £	Bonus £	Expenses £	Benefits in Kind £	Other Payments £	Total Remuneration excluding Pension £	Employers Pension Contributions £	Total Remuneration including Pension Contributions £
Chief Constable (1)	1	35,672	0	0	0	0	2,221	37,893	0	37,893
Chief Constable (2)	2	106,275	941	0	0	6,385	0	113,601	32,945	146,546
Deputy Chief Constable (1)	3	29,423	0	0	0	2,128	0	31,551	9,121	40,672
Deputy Chief Constable (2)	4	49,401	0	0	0	1,235	0	50,636	15,314	65,950
Deputy Chief Constable (3)	5	50,264	0	0	0	814	1,535	52,613	15,582	68,195
Assistant Chief Constable (1)	6	8,686	1,994	0	0	0	828	11,508	2,693	14,201
Assistant Chief Constable (2)	7	17,310	0	0	0	508	0	17,818	5,366	23,184
Assistant Chief Constable (3)	8	44,392	6,701	0	0	0	3,923	55,015	13,761	68,776
Assistant Chief Constable (4)	9	36,384	0	0	0	0	2,789	39,172	11,279	50,451
Assistant Chief Constable (5)	10	66,223	14,638	0	0	0	6,245	87,106	20,529	107,635
Assistant Chief Constable (6)	11	36,554	0	0	0	987	0	37,541	11,332	48,873
Assistant Chief Officer Resources		109,375	0	0	0	0	0	109,375	19,469	128,844

### Notes

- 1** Chief Constable (1) retired on the 30th June 2019.
- 2** Chief Constable (2) was appointed and took office on the 1st July 2019 with an annualised salary of £146,256.
- 3** Deputy Chief Constable (1) left office on the 30th June 2019 to take up the Chief Constable position.  
Deputy Chief Constable (2) was temporary promoted from Assistant Chief Constable to temporary DCC from 1st July 2019 to 30th November 2019 including one month
- 4** handover to the newly appointed Deputy Chief Constable (3) on 1st November 2019.
- 5** Deputy Chief Constable (3) was appointed and took office on the 1st November 2019 with an annualised salary of £120,633.
- 6** Assistant Chief Constable (1) left office on the 6th May and returned to their substantive post of Chief Superintendent.
- 7** Assistant Chief Constable (2) was appointed and took office on the 29th April 2019 with an annualised salary of £100,509.  
Assistant Chief Constable (3) was temporary promoted from Chief Superintendent on 1st July to 31st December 2019 to cover the temporary promotion of the ACC to DCC
- 8** in receipt of an annualised Post Related Pay Allowance of £13,182.
- 9** Assistant Chief Constable (4) was temporary promoted from Chief Superintendent on 31st July to 30th November 2019 with an annualised salary of £109,662.  
Assistant Chief Constable (5) was temporary promoted from Chief Superintendent to Temporary ACC (All Wales Collaboration Team) on 1st April to 31st December 2019
- 10** in receipt of an annualised Post Related Pay Allowance of £13,182.
- 11** Assistant Chief Constable (6) temporary DCC returns to his substantive ACC post on 1st December 2019.
- 12** 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%.
- 13** Other payments include: Car Allowance £4,839 per annum and any Rent/Housing entitlement as per Police Regulations.

## Note 14 - Termination Benefits

A Schedule of exit packages at 31<sup>st</sup> March 2021 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	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	Restated 2019/20	2020/21
£0 - £20,000	3	1	0	0	3	1	52,574	13,195
£20,001 - £40,000	7	0	0	0	7	0	172,498	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	1	1	0	0	1	1	69,102	68,148
£80,001 - £100,000	4	0	0	0	4	0	361,140	0
£100,001 - £150,000	0	1	0	0	0	1	0	122,530
<b>Total</b>	<b>15</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>15</b>	<b>3</b>	<b>655,314</b>	<b>203,873</b>

All exit packages were agreed and paid to 31st March 2021.

The 2019/20 figures have been restated to include the pension strain costs paid in 2019/20 (£324,390) which were originally part of the narrative in the 2019/20 Financial Statements.

The pension strain cost included in the figures above for 2020/21 is £118,543.

## Note 15 - External Audit Costs

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

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

Additional fees of £3,360 have been charged by the Wales Audit Office to complete the external audit of the 2019/20 accounts. The WAO started an audit on the Shared Resource Service (SRS) in 2019/20 but due to the COVID pandemic this work has not been completed. The cost of the work is estimated at £11,984 and will be paid during the 2021/22 financial year. Both charges are additional to the fees shown in the table below.

2019/20		2020/21
£000		£000
41	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	41
<b>41</b>	<b>Total</b>	<b>41</b>

## Note 16 - Related Parties

IAS 24 requires the Chief Constable to disclose all material transactions with related parties, that is bodies or individuals that have the potential to influence the Chief Constable or to be controlled and influenced by the Chief Constable. Disclosure of these transactions allows the reader to access the extent to which the Chief Constable 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 Chief Constable. This disclosure note has been prepared on the basis of specific declarations obtained between April 2020 and March 2021, in respect of related party transactions.

### Members

The total allowances and expenses paid to Members during the year are shown in Note 12.

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 2020/21 financial year, the Police and Crime Commissioner for Gwent paid a total to Police Mutual Assurance Ltd of £726,828 (2019/20 £716,877). 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 2020/21 financial year, the Police and Crime Commissioner for Gwent paid a total to Cardiff University of £92,721 (2019/20 £36,657) for Forensic Services. No income was received.

### Officers

The Assistant Chief Officer- Resources is the Company Secretary to Gwent Independent Film Trust (GIFT) Ltd. See Note 20 – Gwent Independent Film Trust (GIFT) for additional information. In addition, the Assistant Chief Officer- Resources has a long term friendship with the Commercial Manager of BAM Construction Ltd (BAM). Police and Crime Commissioner for Gwent have contractual relationships with BAM in relation to the construction of a new HQ building. During the 2020/21 financial year, the Police and Crime Commissioner for Gwent paid a total to BAM of £15,672,471 (2019/20: £2,838,752) and a creditor balance of £1,519,032 (2019/20: £0) as at the 31<sup>st</sup> March 2021. No income was received.

## Note 17 - Defined Benefit Pension Scheme

### McCloud / Sargeant Judgement

The Chief Constable of Gwent along with other Chief Constables and the Home Office currently has 148 claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015. These claims against the Police Pension Scheme (the Aarons case) had previously stayed behind the McCloud/Sargeant judgement, but have now been lifted and a case management hearing was held on 25 October 2019. The resulting Order of 28 October 2019 included an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. 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 March 2020.

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

### Impact on Pension Liability

Allowing for all members to remain in their existing scheme as at 1 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. This increase reflects a change in assumptions and therefore represents a loss on remeasurement and reported in the Comprehensive Income and Expenditure Statement( CIES).

The impact of an increase in scheme liabilities arising from the 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. These 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.

### Compensation Claims

Claimants have lodged claims for compensation. Test cases for these claims are due to be heard by the Employment Tribunal in December 2021. Claims for financial losses are currently stayed as consideration is given to the HM Treasury consultation response. As at 31st March 2021, it is not possible to reliably estimate the extant or likelihood of these claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

### Participation in Pension Schemes

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

The Chief Constable participates in two post-employment schemes:

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

### Transactions relating to Post-employment Benefits

The cost of retirement benefits is recognised in the reported CIES Cost of Service line, when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.



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

## General Fund Transactions

2019/20			2020/21		
LGPS CC	Police Pension	Total	LGPS CC	Police Pension	Total
£000	£000	£000	£000	£000	£000
<b>Comprehensive Income and Expenditure Statement</b>					
<b>Cost of Services</b>					
		Service cost comprising:			
9,385	34,460	43,845 Current service cost	8,564	31,870	40,434
207	(6,530)	(6,323) Past service cost	59	13	72
0	0	0 (Gain) / loss from curtailments	0	0	0
0	0	0 (Gain) / loss from settlements and / or transfers	0	0	0
109	0	109 Administration expenses	122	0	122
		Other Operating Expenditure:			
0	0	0 Administration expenses	0	0	0
		Financing and Investment Income and Expenditure			
2,044	36,630	38,674 Net interest expense	1,620	30,960	32,580
<b>11,745</b>	<b>64,560</b>	<b>76,305 Total charged to Surplus and Deficit on Provision of Services</b>	<b>10,365</b>	<b>62,843</b>	<b>73,208</b>
<b>Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement</b>					
£000	£000	£000	£000	£000	£000
		Re-measurement of the net defined benefit liability comprising:			
17,086	0	17,086 Return on plan assets (excluding the amount included in the net interest expense)	(33,838)	0	(33,838)
(11,652)	(57,820)	(69,472) Actuarial gains and losses - experience	(1,960)	(740)	(2,700)
(9,039)	(43,430)	(52,469) Actuarial gains and losses arising on changes in demographic assumptions	3,772	0	3,772
(13,996)	(45,220)	(59,216) Actuarial gains and losses arising on changes in financial assumptions	66,772	165,840	232,612
0	0	0 Other movements in the liability / (asset)	0	0	0
<b>(17,601)</b>	<b>(146,470)</b>	<b>(164,071) Total charged to Other Comprehensive Income and Expenditure Statement</b>	<b>34,746</b>	<b>165,100</b>	<b>199,846</b>
<b>(5,856)</b>	<b>(81,910)</b>	<b>(87,766) Total charged to the Comprehensive Income and Expenditure Statement</b>	<b>45,111</b>	<b>227,943</b>	<b>273,054</b>

2019/20			2020/21		
LGPS CC	Police Pension	Total	LGPS CC	Police Pension	Total
Movement in Reserves Statement					
£000	£000	£000	£000	£000	£000
(11,745)	(64,560)	(76,305)	(10,365)	(62,844)	(73,209)
		Reversal of net charges made to the Surplus or Deficit on the Provision of Services			
		Actual amount charged against the general fund balance for pensions in the year:			
4,241	33,630	37,871	4,462	32,180	36,642
		Employers' contributions payable to scheme			
Pensions Assets and Liabilities Recognised in the Balance Sheet					
2019/20			2020/21		
LGPS CC	Police Pension	Total	LGPS CC	Police Pension	Total
£000	£000	£000	£000	£000	£000
(186,537)	(1,375,970)	(1,562,507)	(266,540)	(1,571,733)	(1,838,273)
		Present value of the defined obligation			
118,175	0	118,175	157,529	0	157,529
		Fair value of plan assets			
(68,362)	(1,375,970)	(1,444,332)	(109,011)	(1,571,733)	(1,680,744)
		Value of Assets / (Liabilities)			
0	0	0	0	0	0
		Other movements in the (liability) / asset			
(68,362)	(1,375,970)	(1,444,332)	(109,011)	(1,571,733)	(1,680,744)
		Net (liability) / asset arising from the defined benefit obligation			
Movement in the Value of Scheme Assets					
2019/20			2020/21		
LGPS CC	Police Pension	Total	LGPS CC	Police Pension	Total
£000	£000	£000	£000	£000	£000
129,700	0	129,700	118,175	0	118,175
		Opening fair value of scheme assets			
3,286	0	3,286	2,758	0	2,758
		Interest income			
		Re-measurement gain / (loss):			
(17,086)	0	(17,086)	33,838	0	33,838
		- The return on plan assets, excluding the amount included in the net interest expense			
0	0	0	0	0	0
		- The effect of changes in foreign exchange rates			
0	0	0	0	0	0
		Other gains / (losses)			
4,241	33,630	37,871	4,462	32,180	36,642
		Contributions from employer			
1,425	6,090	7,515	1,591	6,360	7,951
		Contributions from employees into the scheme			
0	0	0	0	0	0
		Transfers in			
(3,282)	(39,720)	(43,002)	(3,173)	(38,540)	(41,713)
		Benefits / transfers paid			
(109)	0	(109)	(122)	0	(122)
		Administration expenses			
0	0	0	0	0	0
		Assets Extinguished on Settlement			
118,175	0	118,175	157,529	0	157,529
		Closing value of scheme assets			

2019/20			Movements in the Fair Value of Scheme Liabilities			2020/21		
LGPS CC	Police Pension	Total		LGPS CC	Police Pension	Total		
£000	£000	£000		£000	£000	£000		
(208,159)	(1,491,510)	(1,699,669)	Opening balance at 1 April	(186,537)	(1,375,970)	(1,562,507)		
(9,385)	(34,460)	(43,845)	Current service cost	(8,564)	(31,870)	(40,434)		
(5,330)	(36,630)	(41,960)	Interest cost	(4,378)	(30,960)	(35,338)		
(1,425)	(6,090)	(7,515)	Contributions from scheme participants	(1,591)	(6,360)	(7,951)		
			Re-measurement gains and losses:					
11,652	57,820	69,472	- Actuarial gains / (losses) - experience	1,960	740	2,700		
9,039	43,430	52,469	- Actuarial gains / (losses) from changes in demographic assumptions	(3,772)	0	(3,772)		
13,996	45,220	59,216	- Actuarial gains / (losses) from changes in financial assumptions	(66,772)	(165,840)	(232,612)		
0	0	0	- Other	0	0	0		
(207)	6,990	6,783	Past service cost	(59)	0	(59)		
0	0	0	Gains / (losses) on curtailments	0	0	0		
0	0	0	Liabilities assumed on entity combinations	0	0	0		
0	(460)	(460)	Transfers in	0	(13)	(13)		
3,282	39,720	43,002	Benefits / transfers paid	3,173	38,540	41,713		
0	0	0	Liabilities extinguished on settlements	0	0	0		
<b>(186,537)</b>	<b>(1,375,970)</b>	<b>(1,562,507)</b>	<b>Balance as at 31 March</b>	<b>(266,540)</b>	<b>(1,571,733)</b>	<b>(1,838,273)</b>		

The liabilities show the underlying commitments that the Chief Constable has in the long run to pay retirement benefits. The total liability of £1.838bn (2019/20: £1.562bn) has a substantial impact on the net worth of the Chief Constable as recorded in the Balance Sheet, resulting in a negative overall balance of £1.681bn (2019/20: £1.444bn).

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

(i) The deficit on the local government scheme will be made good by increased contributions over the remaining working life of the employees, as assessed by the scheme actuary; and

(ii) Finance is only required to be raised to cover Police pensions when the pensions are actually paid.

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

## Basis for Estimating Assets and Liabilities

The expected return on assets are no longer required for IAS19 as the discount rate (2.0% Local Gov and 2.0% 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)					
	2019/20 £000	2019/20 %	2020/21	£000	2020/21	%
<b>Asset Allocations</b>						
Equity Securities	17,535	14.0%		23,373		14.0%
Investment Funds and Unit Trusts	96,987	82.0%		129,285		82.0%
Real Estate	2,984	3.0%		3,977		3.0%
Cash and Cash Equivalents	1,042	1.0%		1,389		1.0%
<b>Total</b>	<b>118,548</b>	<b>100%</b>		<b>158,024</b>		<b>100%</b>

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

	Police Pension		Local Government (Group)	
	2019/20 Years	2020/21 Years	2019/20 Years	2020/21 Years
<b>Mortality assumptions:</b>				
<b>Longevity at 65 for current pensioners:</b>				
Men	21.90	22.00	20.60	20.70
Women	23.60	23.70	22.90	23.40
<b>Longevity at 65 for future pensioners:</b>				
Men	23.60	23.70	21.60	22.10
Women	25.20	25.30	24.60	25.40

	Police Pension		Local Government (Group)	
	2019/20 %p.a.	2020/21 %p.a.	2019/20 %p.a.	2020/21 %p.a.
Rate of increase in salaries (Long term)	4.00%	4.15%	2.20%	3.15%
Rate of increase in salaries (Short term)	0.00%	0.00%	0.00%	0.00%
Rate of increase in pensions	2.00%	2.40%	1.90%	2.85%
Rate for discounting scheme liabilities	2.25%	2.00%	2.30%	2.00%
Rate of CARE revaluation	3.25%	3.65%	0.00%	0.00%

	Police Pension		Local Government	
	Approximate increase/(decrease) in assumption		Approximate % increase to Employer Liability	Approximate monetary amount
	%	£000	%	£000
0.5% increase in the Real Discount Rate	-10.0%	(155,000)		
0.5% decrease in the Real Discount Rate			13.0%	33,923
1 year increase in member life expectancy	3.5%	54,000		
0.5% increase in the Salary Increase Rate	1.0%	19,000	2.0%	4,415
0.5% increase in the Pension Increase Rate	9.0%	144,000	11.0%	28,718

Following the Triennial Valuation as at 31<sup>st</sup> March 2019, the Contribution Rates for the current year and the next 2 years are as follow:

#### **LGPS Certified Rates for the Year Ending**

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

## **Note 18 - Contingent Assets and Liabilities**

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

## Note 19 – Collaboration

Police forces in Wales have a long, successful history of collaborating to develop specialist areas of policing. This included those under the remit of the former Police Authorities of Wales Joint Committee. Future collaboration will be driven by the need to satisfy the Strategic Policing Requirement and by the outcomes of the Regional Strategic Assessment of threats, risks and harm to the southern region of Wales. The Police and Crime Commissioner for each Police Force will be responsible for ensuring the Strategic Policing Requirement is met. As part of this, they will look to work in collaboration with other Commissioner's and forces to provide the most effective service possible. Such agreements are regulated by Section 22A of the Police Act 1996, as amended by the Police Reform and Social Responsibility Act 2011.

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

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

SHARE OF SERVICE COLLABORATION	Counter Terrorism Intelligence Unit (CTIU)	Counter Terrorism Specialist Advisors (CTSA)	Counter Terrorism Port / Dedicated Security (DSP)	Regional Organised Crime Unit (ROCU)	Regional Task Force (RTF)	Digital Services Division	Joint Legal Services (JLS)	Scientific Investigation Unit (JSIU)	Joint Firearms Unit (JFU / CTSFO)	Joint Procurement	Total
Share of service benefit											
2020/21	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<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>

As a result of the requirement of IFRS11, gross expenditure in the CIES has been increased by £0.817m and gross income has been increased by £1.193m, a net decrease in expenditure of £0.376m (2019/20: £0.198m decrease in expenditure). This net decrease has been reversed in the Movement in Reserves Statement with no impact on the Police Fund.

**2019/20 costs of the various collaborative services attributable to the PCC Group.**

SHARE OF SERVICE COLLABORATION	Counter Terrorism Intelligence Unit (CTIU)	Counter Terrorism Specialist Advisors (CTSA)	Counter Terrorism Port / Dedicated Security (DSP)	Regional Organised Crime Unit (ROCU)	Regional Task Force (RTF)	Digital Services Division	Joint Legal Services (JLS)	Scientific Investigation Unit (JSIU)	Joint Firearms Unit (JFU / CTSFO)	Total
Share of service benefit										
2019/20										
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Gross Expenditure</b>										
South Wales Police	5,032	237	1,058	4,137	1,165	3,237	851	4,126	6,138	<b>25,981</b>
Dyfed Powys Police	1,959	92	412	1,610	441	0	0	0	4,235	<b>8,749</b>
Gwent Police	2,235	105	470	1,838	563	1,743	426	1,890	3,248	<b>12,518</b>
North Wales Police	2,640	124	2,313	0	0	0	0	0	0	<b>5,078</b>
<b>Total</b>	<b>11,866</b>	<b>559</b>	<b>4,253</b>	<b>7,586</b>	<b>2,169</b>	<b>4,980</b>	<b>1,277</b>	<b>6,016</b>	<b>13,621</b>	<b>52,326</b>
<b>Total Income &amp; Grants</b>										
South Wales Police	(5,032)	(237)	(1,058)	(2,485)	(12)	0	(4)	(5)	(616)	<b>(9,449)</b>
Dyfed Powys Police	(1,959)	(92)	(412)	(967)	(4)	0	0	0	(425)	<b>(3,859)</b>
Gwent Police	(2,235)	(105)	(470)	(1,104)	(6)	0	(2)	(2)	(326)	<b>(4,250)</b>
North Wales Police	(2,640)	(124)	(2,313)	0	0	0	0	0	0	<b>(5,078)</b>
<b>Total</b>	<b>(11,866)</b>	<b>(559)</b>	<b>(4,253)</b>	<b>(4,556)</b>	<b>(22)</b>	<b>0</b>	<b>(6)</b>	<b>(7)</b>	<b>(1,367)</b>	<b>(22,636)</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 2020/21 expenditure incurred was fully covered by the contributions from the partners.

## Note 20 - Gwent Independent Film Trust (GIFT)

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

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

At 31st March 2021 GIFT (Gwent) had two Trustees. Nigel Stephens, Assistant Chief Officer Resources, who is a Chief Constable member of staff, acting as Trustee/Director and a second Trustee, Rhodri Williams who is acting as the independent chair

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

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

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

The annual report and the audited financial statements for the year ended 31st July 2020 disclosed net current assets of £9,925 (2019/20 £25,811) and retained a loss for the year of £15,887 (2019/20 profit of £125).



## Glossary

Term	Definition
2020/21	This refers to the period covered by these accounts – 1 <sup>st</sup> April 2020 to 31 <sup>st</sup> March 2021
2019/20	This refers to the prior year financial period for comparative purposes – 1 <sup>st</sup> April 2019 to 31 <sup>st</sup> March 2020
Accounting Policies	These are a set of rules and codes of practice the Chief Constable uses when preparing the accounts.
Accruals	The accounting treatment, where income and expenditure is recorded when it is earned or incurred not when the money is received or paid.
Actuarial Gains and Losses	For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because: <ul style="list-style-type: none"> <li>• Events have not coincided with the actuarial assumptions made in the last valuation; or</li> <li>• The actuarial assumptions have changed.</li> </ul>
Amortisation	This is the measure of the wearing out, consumption or other reduction in the useful life of Intangible assets.
Balance Sheet	This shows the value of the assets and liabilities recognised by the Chief Constable. The net assets of the Chief Constable (assets less liabilities) are matched by the reserves held by the Chief Constable.
Capital Adjustment Account	An account which accumulates (on the debit side) the write-down of the historic cost of fixed assets as they are consumed by depreciation and impairments, or written off on disposal, and (on the credit side) the resources that have been set aside to finance capital expenditure.
Capital Expenditure	Expenditure on the acquisition and construction of assets or expenditure which adds to the value of an existing asset, which have a long-term value to the Group, e.g. land and buildings.
Capital Receipts	Income from the sale of fixed assets, which can only be used to finance new capital expenditure or repay outstanding debt on assets financed from loans. Usable capital receipts are those capital receipts which are not set aside for specific purposes but are available to be used for any capital purchases.
Carrying Value	The carrying value of an asset or a liability recorded in the Balance Sheet.
CIPFA	The Chartered Institute of Public Finance and Accountancy, one of the professional accountancy bodies in the UK. CIPFA specialises in the public services and has responsibility for setting accounting standards for these services.
Comprehensive Income and Expenditure Statement (CIES)	This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.
Consumer Price Index (CPI)	Official measure of the general level of inflation as reflected in the retail price of goods and services – excludes mortgage interest payments, council tax and other housing costs.
Contingent Liabilities or Assets	These are the amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which a provision has not been made in the Chief Constables accounts.
Creditors	Individuals or organisations to which the Chief Constable owes money at the end of the financial year split short-term (within 12 months) and long-term.
Current Assets	Current assets are items that can be readily converted into cash. By convention the items are ordered by reference to the ease that such conversion into cash can be carried out.
Current Liabilities	Current liabilities are items that are due immediately or in the short – term.
Current Service Cost (pensions)	An estimate of the true economic cost of employing people in a financial year. It measures the full liability estimated to have been generated in the year.
Curtailment	Changes in liabilities relating respectively to actions that relieve the employer of primary responsibility for a pension obligation (e.g. a group of employees being transferred to another scheme) or events that reduce the expected years of future service of employees or reduce the accrual of defined benefits over their future service for some employees (e.g. closing a business unit).

Term	Definition
Debtors	Individuals or organisations that owe the Chief Constable money at the end of the financial year split short-term (within 12 months) and long-term. Note all Trade Debtors are recorded in the PCC Group Balance Sheet.
Defined Benefit Scheme	A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The schemes may be funded or unfunded.
Defined Contribution Scheme	A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.
Depreciation	This is the measure of the wearing out, consumption, or other reduction in the useful economic life of Property, Plant and Equipment.
Fair Value	The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase of the asset.
Finance Lease	A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.
Financial Instrument	Any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A derivative financial instrument is a financial contract that derives its value from changes in underlying assets or indices.
Fixed Assets	These are items such as land, buildings, vehicles and major items of equipment, which give benefit to the Chief Constable over more than one year. Note all Fixed Assets are held by the PCC.
FRS	Financial Reporting Standards, as agreed by the UK and International accountancy profession and the Accounting Standards Board. These include Statements of Standard Accounting Practice (SSAPs) and International Financial Reporting Standards (IFRS).
General Fund	This is the main revenue fund of the PCC Group and includes the net cost of all services financed by local taxpayers and Government grants. All Reserves including the General Fund are held by the PCC.
Group	The term refers to the merger of Office of the Police and Crime Commissioner and the Chief Constable.
Impairment	A reduction in the value of a fixed asset, below the carrying amount in the balance sheet. Factors include evidence of obsolescence or physical damage to the asset.
Intangible Assets	These are assets that do not have physical substance but are identifiable and controlled by the Chief Constable. Examples include software, licenses and patents. Note all Intangible Assets are held by the PCC.
Interest Cost (Pensions)	For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.
Inventories	Amounts of unused or unconsumed stocks held in expectation of future use at the Balance Sheet date.
Leasing Costs	This is where a rental is paid for the use of an asset for a specified period of time. Two forms of lease exist: finance leases and operating leases.
Materiality	An item would be considered material to the financial statements if, through its omission or non-disclosure, the financial statements would no longer show a true and fair view.
Minimum Revenue Provision	The prudent amount that the Chief Constable is statutorily required to set aside from revenue funds to meet the repayment of borrowing undertaken to support capital investment. Note that this provision is made by the PCC.
Movement in Reserve Statement	This financial statement presents the movement in usable and unusable reserves.

Term	Definition
Net Book Value (NBV)	The amount at which fixed assets are included in the balance sheet i.e. their historical cost or current value less the cumulative amounts provided for depreciation.
Net Realisable Value (NRV)	The open market value of an asset in its existing use (or open market value in the case of non-operational assets) less the expenses to be incurred in realising the asset.
Operating Lease	An operating lease involves the lessee paying a rental for the hire of an asset for a period of time that is substantially less than its useful economic life. The lessor retains most of the risks and rewards of ownership.
Past Service Cost	For a defined benefit scheme these arise from decisions taken in the current year but whose financial effect is derived from years of service earned in earlier years.
PCC	The abbreviation for the Police and Crime Commissioner. The PCC is a separate corporation sole which was established on the 22 <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.
Private Finance Initiative (PFI)	A Central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance.
Precept	The amount levied and collected by the five Gwent Authorities (Newport, Caerphilly, Blaenau Gwent, Monmouthshire and Torfaen) and paid over to the PCC Group.
Provisions	The Chief Constable may set aside amounts as provisions to meet liabilities or losses that are likely to arise in the future. Any provisions made are recorded in the PCC Group Statement of Accounts.
Public Works Loan Board (PWLb)	This is the Public Works Loan Board, which is an organisation financed by the Government. It lends money to police authorities on set terms so that they can buy capital items.
Related Parties	Central Government, Local Authorities (precepting), subsidiary and associated companies. Elected members, senior officers from Director and above and the Pension Funds. For individuals identified as related parties: members of the close family, or the same household; and partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.
Reserves	Balances that represent resources set aside for purposes such as general contingencies and cash flow management. Earmarked reserves are those set aside for specific policy purposes. The Movement in Reserve Statement shows the movement in the year on the reserves held by the Chief Constable. Note the Chief Constable does not hold Reserves. These come under the control of the PCC.
Revaluation Reserve	An amount representing the accumulated gains on the fixed assets held by the Chief Constable arising from increases in value, as a result of inflation and other factors, to the extent that these gains have not been consumed by subsequent downward movements in value. Note that all Reserves are owned by the PCC.
Retail Price Index (RPI)	Official measure of the general level of inflation as reflected in the retail price of a basket of goods and services, including mortgage costs, council tax and other household costs.
Revenue Budget	The estimate of annual income and expenditure requirements, which sets out the financial implications of the PCC Group policies and the basis of the annual precept to be levied on collection funds.
Revenue Support Grant (RSG)	A general government grant in support of local authority expenditure (including Police and Crime Commissioners) and fixed each year in relation to spending levels.
Senior Employee	An employee whose salary is more than £150,000 per year, or one whose salary is at least £60,000 per year (calculated pro rata for a part-time employee) and who is the designated head of paid service and a statutory chief officer. Typically the Commissioner's Chief Executive, and statutory Chief Officers.
Service Reporting Code of Practice (SerCOP)	CIPFA Service Reporting Code of Practice which shows the Net Cost of Police Services including support services by mandatory categories of policing service or activities (reviewed annually).

Term	Definition
The Code	The Code incorporates guidance in line with IFRS, IPSAS and UK GAAP Accounting Standards. It sets out the proper accounting practice to be adopted for the Statement of Accounts to ensure they 'present fairly' the financial position of the Council. The Code has statutory status via the provision of the Local Government Act 2003.