
THE CHIEF CONSTABLE OF DYFED-POWYS POLICE

STATEMENT OF ACCOUNTS



FOR THE YEAR ENDED
31 MARCH 2023

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Narrative Report

1. Introduction

The Police Reform and Social Responsibility Act 2011 created two corporations sole within each Police Force area, the Commissioner and Chief Constable. Each individual has a clear and separate statutory remit. The Commissioner is publicly elected and therefore, represents the public's voice on policing matters.

The establishment of the two Corporations sole requires each body to produce their own Statement of Accounts with the Commissioner producing a Statement of Accounts for the Group and Police Pension Fund.

Mr Dafydd Llywelyn was elected as Commissioner in May 2016 and then re-elected as the third term Commissioner in May 2021.

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

This narrative report aims to outline the main objectives, strategies, and principal risks that the Commissioner and Chief Constable of Dyfed-Powys face. It provides a commentary on how resources have been used to achieve desired outcomes in line with these objectives and strategies.

It aims to give a fair, balanced, and understandable analysis of financial and operational performance, which can be used to provide context to the financial information included with the financial statements to aid the understanding of the reader. The narrative report will focus on the following areas:

- Organisational Overview and External Environment
- Governance and Performance
- Organisational Model
- Financial Performance
- Risks, Opportunities and the Medium-Term Financial Outlook
- Basis of Preparation and Presentation

2 Organisational Overview and External Environment

Spanning 4,188 square miles, Dyfed-Powys is the largest Force area in England and Wales. With 13,842 miles of roads, two large ports, 350 miles of coastline and vast areas of countryside, the geography presents significant demand and resourcing challenges.



The resident population of 516,075 is spread across extensive rural areas, holiday and market towns as well as more heavily populated areas. The draw of tourism presents unique demands with large numbers of tourists visiting key towns. This presents its own implications for crime, anti-social behaviour and roads policing.

The Welsh language is spoken by 39% of Dyfed-Powys residents compared with the national average of 18%. Both the Commissioner and Chief Constable are committed to ensuring that the workforce is representative of the communities it serves so that members of the public are, whenever possible, afforded the opportunity to communicate via the medium of Welsh.

Policing is a non-devolved service in terms of the Welsh Government, however much of the work that is undertaken across the four county areas is rightly done in partnership with Local Authorities, Fire Authorities, Local Health Boards and many other partners including the third sector. In addition, Dyfed-Powys, along with the Commissioner and his Office, also collaborate on an All-Wales basis regarding policing responsibilities including several important services such as Armed Response and responding to the threat of Organised Crime and Terrorism.

Pressures continue to arise from the changing nature of crime and more recently the complex array of financial and economic consequences arising from the Covid-19 pandemic compounded by significant inflationary pressures emerging from world affairs and market conditions.

Against a challenging financial backdrop, demands continue to grow and become increasingly complex. The Force has experienced year-on-year increases in recorded crime with incidents involving mental ill-health and more complex inquiries into child sexual exploitation and cybercrime. Work has continued to improve crime data integrity and the Force's focus on vulnerability has realised a positive increase in the reporting and recording of crimes. The service continues to evolve quickly to enable its response to new risks, threats and changes in technology, many of which have required new ways of working.

The Commissioner is responsible for setting the strategic priorities for the Force through the production of a Police and Crime Plan, ensuring business is conducted in accordance with the law and that proper standards are achieved and maintained.

After extensive consultation, the Commissioner published his new Police and Crime Plan in March 2022, and work is ongoing to develop an underpinning performance framework. The plan sets out three priorities and four values which will underpin delivery:

Priorities	Values
Victims are supported	Working Together
Harm is prevented	Being Accountable
Our justice system is more effective	Being Sustainable
	Engaging Widely

After considerable engagement with the workforce, partners and the public, the Chief Constable set out organisational priorities in April 2022. There is a commitment for these to remain in place for the same duration as the Police and Crime Plan meaning that there is a real opportunity to work differently to achieve more, whilst ensuring consistency and clarity of purpose.

Priorities
Making the Dyfed-Powys area hostile to those that deal drugs
The elimination of Domestic Abuse, Stalking and Harassment
A compassionate response to victims of rape and serious sexual assault and the relentless pursuit of offenders

Detailed delivery plans continue to be developed to underpin the delivery of the Police and Crime Plan and the Chief Constable's priorities. These plans will take cognisance of the challenging operational and financial environment, the need for continued investment to support sustainable services and the requirement to match resources and assets to meet evolving demands and legislation.

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

3 Governance and Performance

Governance

The Governance arrangements by which the Commissioner and Chief Constable operate are complex. These have been critically reviewed over recent years and continue to be strengthened and streamlined to ensure effective organisational management, oversight and scrutiny.

The Joint Corporate Governance Framework sets out the principles, structures and processes by which the Office of the Police and Crime Commissioner and Dyfed-Powys Police will be governed, both jointly and separately, and this is reviewed and updated annually.

The Commissioner and Chief Constable each have a clear and separate statutory remit. The Commissioner is statutorily responsible for securing an efficient and effective Police Force and holding the Chief Constable to account for the exercise of his functions. The Commissioner is responsible for setting the annual police budget (including precept level) and ensuring that public money is accounted for and that it is used economically, efficiently and effectively.

The operational independence of the Chief Constable is protected in legislation. The Chief Constable has a statutory responsibility for the control, direction and delivery of operational policing services provided by the Force. The Chief Constable is accountable in law for the exercise of police powers and to the Commissioner for the delivery of efficient and effective policing, management of resources and Force expenditure. The Chief Constable holds Office under the Crown and is responsible for maintaining the King's Peace.

An Annual Governance Statement (AGS) is published separately and this provides greater detail on the internal control environment and an evaluation of the governance arrangements against the seven principles for delivering good governance. All parties abide by the seven principles set out in the Standards in Public Life, known as the Nolan Principles.

Performance

The Chief Constable is responsible for supporting the Commissioner in the delivery of the priorities set out in the Police and Crime Plan. His operational delivery, performance monitoring frameworks and financing decisions focus on these priorities. Progress against the plan is reported quarterly at the Policing Accountability Board; a public meeting where the Commissioner holds the Chief Constable and his senior team to account. The latest Performance Report can be obtained within the agenda for the last meeting at:

<http://www.dyfedpowys-pcc.org.uk/en/accountability/policing-accountability-board>

There are a number of volume and output metrics that are monitored as part of the assurance and governance arrangements. This analysis provides indicators of progress and performance against the priorities within the Police and Crime Plan. All performance is monitored and scrutinised through both the Policing Board and Police Accountability Board within the Governance structure, with a key focus on improvement.

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

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

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

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

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

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

In 2022/23 8,348 arrests were made. This was a 25.8% (1,714) increase in arrest volumes compared to 6,634 in 2021/22. In terms of Domestic Abuse (DA) arrest rates, whilst there has been an increase in the total number of DA offences recorded, there has also been a 4.9% increase in DA arrests. Considering crimes that were reported and assigned an outcome (finalised) in 2022/23, 70.3% (30,263 crimes) were assigned an outcome within 30 days of it being reported. This is an increase of 4.1% when compared with 2021/22.

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

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

The Force was inspected by HMICFRS in 2021 and was re-visited during 2022, as part of an extended evidence gathering period for the new HMICFRS Continuous Assessment Police, Effectiveness, Efficiency and Legitimacy (PEEL) framework. The 2021/2022 PEEL report was subsequently published in August 2022, with an assessment of the Force's performance and gradings against the framework's core question areas. The Force were considered to be 'Good' in four 4 areas, 'Adequate' in six areas and 'Requiring Improvement' in only one area.

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

A programme of change is already in place and is being further enhanced to develop a Force Operating Model which will deliver significant process and cultural change with elements seeking to improve the Force's ability to manage demand, support victims, improve the timeliness and quality of investigations and supervision of crime. In addition, the Force has made significant improvements to the governance, scrutiny and processes around the recording and understanding of use of force and stop and search powers, to address feedback provided as part of the inspection.

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

Force Management Statement (FMS)

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

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

The FMS 2022 document includes an overview of each of the above factors and the impact they will have on the Force as a whole. FMS lighter provides an update on the key risks that were highlighted in FMS

2021, how the risks in FMS 2021 have developed and whether any new risks have emerged. Each section also demonstrates how performance is currently measured within that area of business and what future strategic plans are in place to prevent and deter crime and vulnerability to deliver on the Chief Constable's new priorities.

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

- Analytical capacity;
- Cost of living/ economic conditions;
- Demand and capacity;
- Non-Human Assets - lack of resilience;
- Hidden demand; and
- Training capacity.

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

As part of the inspection carried out in 2021, HMICFRS issued a cause for concern in relation to crime data integrity. The Chief Constable initiated a Gold Group to critically review the issues and oversee the development and implementation of an appropriate action plan. Significant improvements have been made and HMICFRS formally discharged the cause for concern in June 2022.

4 The Organisational Model

The Force is organised on both a geographic and functional basis. The Chief Constable is supported by a Chief Officer Team which comprises the Deputy Chief Constable, the Assistant Chief Constable, and the Director of Finance. The main responsibilities of the three positions supporting the Chief Constable are shown in the following table:

Deputy Chief Constable	Assistant Chief Constable	Director of Finance
People Services	Local Policing	Corporate Finance
Legal Department	Investigations	Fleet
Corporate Services / Performance	Specialist Response	Procurement
Information Management	Force Contact Centre	Information and Communications Technology
Collaboration and Efficiency	Scientific Support	Business Support Unit
Corporate Communications	Criminal Justice	Estates
Professional Standards	Partnerships	
Major Operations		
Health and Safety		

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

2022/23, which could then mitigate financial burdens as well as assisting in meeting future one-off pressures.

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

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

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

Recruitment intakes have been carefully planned and managed during the year to ensure optimal resourcing levels, availability of specialist skills and to allow the proportionate geographical distribution of staff. The Police Education Qualifications Framework (PEQF) continues to see intakes of student constables each year with external course providers delivering core elements of their training.

As well as recruiting to replace normal retirements and leavers, the Force has also been increasing establishment in line with the Home Office Police Uplift Programme to recruit an additional 20,000 officers by March 2023. Dyfed-Powys Police has realised increases of 42 in 2020/21, a further 42 in 2021/22 and a final 57 for 2022/23. The financial implications are further outlined within the MTFP.

The MTFP for 2023/24 can be found here:

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

5 Financial Performance

The Chief Constable's Statement of Accounts shows the financial performance of the Force and has been prepared on the basis of proper accounting practice which meets the requirements of the CIPFA Chartered Institute of Public Finance & Accountancy's Code of Practice. This differs slightly from the budgets that are managed and monitored on a day-to-day basis as these exclude some elements such as depreciation and movements on pension liabilities which under statute do not need to be financed fully in the year.

The cost of services included within the Comprehensive Income and Expenditure Statement shows that £173.2m (2021/22: £156.9m) has been spent on providing policing services to the public of Dyfed-Powys Police in 2022/23. The Statement provides an analysis across the main cost components. For example,

the largest element was spent on Police Officer Pay which accounted for £73.5m (2021/22: £69.7m) of the total in 2022/23.

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

The Balance Sheet is dominated by the long-term liability of £1,075m (previously £1,701m) that exists in respect of future pension liabilities for police officers and staff. This represents the amount that would need to set aside at the balance sheet date to cover future payments of pensions for all current serving and retired officers and staff. This figure has been calculated independently on an actuarial basis and takes account of future salary levels, inflation, mortality rates etc. There has been a significant reduction in this liability since March 2022 of £626m which is due to changes in actuarial assumptions including the discount factor, as set out in the pension notes.

The next largest item on the Balance Sheet is the £17.8m (2021/22: £15.8m) of short-term creditors representing the amounts owed by the Chief Constable at the end of the year which has increased by £2.0m since March 2022. Further details and breakdowns in respect of Balance Sheet items are included in the notes to the accounts.

Financial Performance and Budget Variance Analysis 2022/23

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

The table below sets out the final out-turn position for 2022/23 and compares this to the original and revised budget. The revised budget reflects the additional budgets and reserve movements approved during the year. Virements are approved in accordance with the Corporate Governance Framework. The changes to the budget referred to on the following page were reported at the monthly Policing Board meetings and quarterly public Police Accountability Boards held throughout the year.

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

Against the revised budget, net expenditure actually incurred to the end of March was £125.8m representing a £2.6m underspend compared to the original budget. It is important to note that both the Commissioner and Chief Constable took early action to contain expenditure in a number of areas in light

of the significant challenges within the financial landscape and initiation of the Force Review to meet the £6.4 million savings target required in 2023/4.

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

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

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

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

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

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

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

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

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

The Force is evaluating numerous other potentially unfunded capital and revenue technology investments in the Control Room, Firearms Licensing, Robotic Process Automation (RPA) and DCCU which could, if funded, and subject to business case, contribute to additional future capacity and savings.

The budget included a contribution from reserves of £1.0m to meet one-off expenditure for additional bank holidays, training and to support transformational projects. The budget position and variances as outlined

above have negated the need for a transfer from reserves in the year and in fact, a net transfer to reserves of £0.7m was actioned to meet budget pressures anticipated in 2023/24.

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

The Force budget also incorporates self-balancing holding accounts in respect of the Go Safe Partnership, collaboration funded posts, and seconded officers which were largely self-balancing overall. The move to on-line delivery of Driver Retraining activities also allowed for a contribution to reserves of £0.5m for use by the Commissioner in support of road and community safety initiatives.

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

When setting the 2023/24 budget in January 2023, an underspend of around £894k was already anticipated and this sum was budgeted to be offset against the 2023/24 budget requirement to meet additional one-off cost pressures falling in coming years.

The final out-turn position was discussed in detail at the Policing Board meeting on the 20 June 2023. In this meeting, the Commissioner approved several reserve movements including:

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

The final reserves position for the Commissioner shows a figure of £19.6m held as at 31 March 2023 compared to £18.9m at the beginning of the year. This incorporates a sum of £7.0m to support future capital budget commitments and a general reserve of £4.9m. This also includes a balance of £1.1m which is held on behalf of third parties. Reserves are further detailed in Note 10 of the Group/Commissioner's Statement of Accounts.

6 Risks, Opportunities, and the Medium-Term Financial Outlook

Risks are managed at all levels of the organisation through the Governance Structure and a Corporate Risk Register is used to record, manage, and mitigate the main risks which could affect the delivery of Police and Crime Plan outcomes and the Chief Constable's priorities.

The main risks that remained 'live' at the end of 2022/23 included:

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

The Risk Register is monitored regularly in order to ensure that risks are allocated a Risk Owner responsible for applying appropriate mitigations and actions. Further details in relation to risk management are included within the Annual Governance Statement (AGS).

In terms of the Medium-Term Financial Outlook, Dyfed-Powys Police has faced significant financial challenges since 2010 due to reductions in funding from Central Government, along with cost pressures and increases in the demand for policing services against an increasingly challenging financial and economic landscape.

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

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

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

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

- Core grant increase of £0.2m/0.3%.
- The continuation of the specific grant of £1.3m, which was introduced in 2019/20 to partly mitigate pressures arising from changes to the employer's contribution rate for Police Officer pensions.
- Specific grant of £1.9m, being £1.0m/103.7% higher than 2022/23 to support the officers under the Police Uplift Programme with clear expectations that overall police officer numbers will be maintained at the agreed allocations and that these additional officers are utilised to reduce crime and honour this Government's commitment to keep the public safe.

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

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

It is recognised that this will need to be an area of focus to enable the Commissioner and Chief Constable to set a balanced and sustainable medium term financial position for both revenue and capital whilst protecting the standard of service for the communities of Dyfed-Powys.

The MTFP includes assumptions of 5% year-on-year increases in precept and incorporates a range of assumptions on cost pressures and growth in pay and inflationary pressures, albeit this is an area of severe pressure and volatility due to wider market conditions. The MTFP also includes a trajectory of increases in contribution to capital financing and borrowing costs to support the Capital Programme along with additional spending on a number of national, regional, and local priorities.

Following a rigorous process of scrutiny and deliberations over the financial assumptions, risks that continue to threaten the communities and investment priorities, the Commissioner submitted his precept proposal for 2023/24 and Medium-Term Financial Plan to 2027/28 to the Dyfed-Powys Police and Crime Panel on 27 January 2023. The Commissioner's proposal was unanimously supported by the Police and Crime Panel, which raised the average band D property precept by £22.49 to £312.65, a 7.75% increase raising a total precept of £72.5m. This will provide a total of central and local funding of £133.4m, and once again, sees Dyfed-Powys Police with the lowest council tax precept in Wales.

The Commissioner set a capital programme for 2022/23 to 2027/28 of £100.2m which includes investment in Estates, Fleet, and ICT infrastructure for both local, regional and national projects. This investment has been prioritised towards strategic priorities, unavoidable spending, areas that reduce future revenue expenditure, and recognises the need to be adequately equipped to face the changing demands of 21st Century policing.

The capital programme sees the depletion of capital reserves and includes borrowing requirements of £66.1m. Much of this borrowing will fund the building of a new custody facility for Carmarthenshire, provide a solution for the ageing police facility in Brecon and fund a new training facility for the Joint

Firearms Unit. In order to meet future capital investment requirements and mitigate the cessation of capital grant funding, the MTFP includes increasing revenue contributions to capital.

The Commissioner considers and publishes an Annual Reserves Strategy which underpins the MTFP and its assessment of strategic, operational and financial risk exposure and mitigation measures.

The Commissioner and Force face a number of unknown potential future financial commitments which are referred to further in the contingent liabilities and pensions notes. The Government's recommended the Funding Formula Review in May 2021. The work has been ongoing but there is no clarity around timelines, and the outcome of this remains a risk.

Despite the assumed increases in council tax precept there is a need for continued efficiency requirements over the term of the MTFP with uncertainties around future core and specific grant funding, complexities in relation to pensions costs set against the wider economic landscape mean that the financial environment is likely to remain challenging for the foreseeable future.

The MTFP for 2023/24 can be found here:

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

7 Basis of Preparation and Presentation

These are the eleventh statutory accounts prepared under the new governance arrangements. Both the Commissioner and Chief Constable as separate legal entities must produce their own Statement of Accounts, with the Commissioner being responsible for production of the Group Accounts, within which the Commissioner's accounts are contained.

The Accounts and Audit (Wales) Regulations 2014 as amended, require local government bodies to prepare a Statement of Accounts in accordance with proper practices. The Chartered Institute of Public Finance & Accountancy's Code of Practice is identified as representing proper practices.

The following is an explanation of the statements that follow, their purpose and the relationship between them:

- **Statement of Responsibilities for the Statement of Accounts** - this statement sets out the responsibilities of the Chief Constable and their Chief Finance Officer;
- **Independent Auditor's Report** - this sets out the opinion of the external auditor, the Auditor General for Wales, on whether the Chief Constable's accounts presented give a 'true and fair view' of the financial position and operations of the Chief Constable for 2022/23;
- **Comprehensive Income and Expenditure Statement** - this core statement summarises the resources that have been generated and consumed in providing policing and crime reduction services during the year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets consumed and the real projected value of retirement benefits earned by employees in the year;
- **Balance Sheet** - this core statement shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group. The Chief Constable has no reserves to account for. These are the responsibility of the Commissioner. Net assets net to nil by means of an intra group debtor and creditor for working capital to meet the short term debtors, inventories and creditors;

- **Police Pension Fund Account** - is a statement that shows expenditure, income, assets and liabilities pertaining to Police Pensions in the year. The account shows the top up grant due from the Group to the Pension Fund Account. Subsequently the Home Office reimburses the Group for money paid over to the account and effectively underwrites the deficit. This practice would work in reverse if the Pensions Fund Account were to show a surplus at the year-end;
- **Notes to the financial statements** - these provide additional information that further explains items included within the main statements with an aim of improving the readers' understanding of the main financial statements. They set out the Accounting Policies used as the basis of preparing the financial statements as required by the Code of Practice;
- **Glossary of terms** – these provide additional narrative to explain terms used within the statement with an aim of improving the readers' understanding as required by the Code of Practice;
- **Movement in Reserves Statement** – this statement is not applicable given that all reserves are the responsibility of the Commissioner;
- **Cash Flow Statement** - this statement is not applicable as bank accounts are held by the Commissioner and are operated on a Group basis;
- **Expenditure and Funding Analysis** – No separate Expenditure and Funding Analysis (EFA) is presented for the Chief Constable as it would provide an incomplete picture of the required disclosures. The Group EFA is presented on page 25 of the Police and Crime Commissioner for Dyfed-Powys Group Financial Statements and shows the complete analysis as required; and
- **A Joint Annual Governance Statement (AGS)** is published separately to this Statement of Accounts and sets out details of how the Commissioner and Chief Constable exercise governance over their affairs. The Statement is a statutory document for each corporation sole, albeit it continues to be a combined statement for 2022/23. This aims to aid transparency and understanding to the reader, clearly demonstrating where arrangements are consistent and where they differ between the Commissioner and the Chief Constable. The statement includes an annual review of the adequacy of the governance arrangements and provides assurance on the systems of internal control.

Statement of Responsibilities

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

The Chief Constable's responsibilities

The Chief Constable is required to:

- make arrangements for the proper administration of financial affairs and to secure that one of his officers has the responsibility for the administration of those affairs, that officer is the Chief Financial Officer;
- manage affairs to secure economic, efficient and effective use of resources and safeguard their assets; and
- approve the Statement of Accounts.

I approve the Statement of Accounts for financial year 2022/23.



Chief Constable of Dyfed-Powys

Date: 14 March 2024

The Chief Financial Officer's responsibilities

The Chief Financial Officer is responsible for the preparation of the Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing their Statement of Accounts, the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Local Authority Code.

The Chief Financial Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Chief Constable at the reporting date and of its expenditure and income for the year ended 31 March 2023.



Chief Financial Officer to the Chief Constable

Date: 14 March 2024

The Independent auditor's report of the Auditor General for Wales to the Chief Constable for Dyfed-Powys

Opinion on financial statements

I have audited the financial statements of:

- Chief Constable of Dyfed Powys; and
- Dyfed Powys Police Pension Fund

for the year ended 31 March 2023 under the Public Audit (Wales) Act 2004.

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

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

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

In my opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable of Dyfed Powys and the Dyfed Powys Police Pension Fund as at 31 March 2023 and of their income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the Chief Constable of Dyfed Powys and the Dyfed Powys Police Pension Fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Chief Constable of Dyfed Powys and the Dyfed Powys Police Pension Fund's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

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 2022-23; and
- the information given in the joint Annual Governance Statement of the Police and Crime Commissioner for Dyfed Powys and the Chief Constable for Dyfed Powys for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

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

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

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

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 18, the responsible financial officer is responsible for:

- the preparation of the statement of accounts which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error; and

- assessing the Chief Constable of Dyfed Powys' and the Dyfed Powys Police Pension Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by the Chief Constable of Dyfed Powys and the Dyfed Powys Police Pension Fund will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

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

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

My procedures included the following:

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

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Joint Audit Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance;

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

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

Other auditor's responsibilities

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

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the Chief Constable of Dyfed Powys and the Dyfed Powys Police Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.



Adrian Crompton
Auditor General for Wales
15 March 2024

1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

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

Comprehensive Income and Expenditure Statement

This statement summarises the resources that have been generated and consumed in providing policing and crime reduction services during the year.

2021/22					2022/23		
Gross Expend. £'000	Gross Income £'000	Net Expend. £'000	Comprehensive Income and Expenditure Statement	Note	Gross Expend. £'000	Gross Income £'000	Net Expend £'000
69,674	0	69,674	Police Officer Pay		73,485	0	73,485
3,264	0	3,264	Police Officer Overtime		3,536	0	3,536
20,678	0	20,678	Police Officer Pensions		22,787	0	22,787
33,250	0	33,250	Police Staff Pay		37,009	0	37,009
185	0	185	Police Staff Overtime		237	0	237
6,331	0	6,331	Police Staff Pensions		6,966	0	6,966
1,672	0	1,672	Other Employee Related Costs		1,788	0	1,788
460	0	460	Premises Costs		4,200	0	4,200
1,989	0	1,989	Transport Costs		2,465	0	2,465
11,733	0	11,733	Supplies & Services		11,861	0	11,861
3,358	0	3,358	Agency & Contracted Services		4,911	0	4,911
4,315	0	4,315	Capital Financing Costs *		3,956	0	3,956
156,909	0	156,909	Total Cost of Services		173,201	0	173,201
36,375	0	36,375	Financing & Investment Income & Expenditure	7	46,974	0	46,974
0	(193,284)	(193,284)	Commissioning Costs (Intra-group transfer)		0	(220,175)	(220,175)
193,284	(193,284)	0	Surplus/Deficit on Provision of Services		220,175	(220,175)	0
		(19,989)	Actuarial (gains)/losses on pension asset/liabilities				(684,427)
		19,989	Commissioning Costs (Intra-group transfer)				684,427
		0	Total Comprehensive Income and Expenditure				0

* To represent the Chief Constable's use of the PCC's assets, the CC receives charges equivalent to the capital financing incurred by the PCC. This charge is recognised in the Comprehensive Income and Expenditure Statements.

Balance Sheet

31 March 2022 £'000		Note	31 March 2023 £'000
1,701,477	Long term debtors	17	1,075,364
1,701,477	Long term assets		1,075,364
608	Inventories		535
1,145	Short term debtors	9	1,805
(1,753)	Intra-group transfer		(2,340)
0	Current assets		0
(15,832)	Short term creditors	10	(17,794)
15,832	Intra-group transfer		17,794
0	Current liabilities		0
(1,701,477)	Other long-term liabilities	17	(1,075,364)
(1,701,477)	Long term liabilities		(1,075,364)
0	Net assets/(liabilities)		0

Police Pension Fund

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

Chief Constable 2021/22		Net Assets Statement	Chief Constable 2022/23	
£'000	£'000		£'000	£'000
		Current Assets		
	544	Debtor – net balances owed from the Police fund		1,215
	544	Current Assets		1,215
		Current Liabilities		
	(544)	Creditors – benefits payable to retiring officers end of March paid April		(1,215)
	(544)	Current Liabilities		(1,215)
	0	Net Assets		0

Notes to the Police Pension Fund Accounts

- The accounting policies followed, and assumptions made regarding the Police Pensions Account are in line with those set out in Note 1 - Accounting Policies;
- The Police Pension Scheme is administered by Carmarthenshire County Council under a Service Level Agreement;
- There are no investment assets in the fund. The payments in and out of the Pension fund are balanced to nil each year by receipt of additional contributions from the General Police Fund, which in turn is reimbursed by a specific Home Office grant (Top Up Grant). This grant is received by the Commissioner and passed on to the Chief Constable by way of an intra-group transfer; and
- The Pension Fund's financial statements do not take account of future pension obligations after the 31 March 2023. However, these are presented on the Balance Sheet under 'Other Long Term Liabilities, with detailed disclosures in Note 17 - Defined Benefit Pension Schemes.

Notes to the Accounts

1. Accounting policies

General Principles

The Statement of Accounts summarises the Chief Constable's transactions for the 2022/23 financial year and the position at the year-end of 31 March 2023. The Chief Constable is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 as amended, which require them to be prepared in accordance with proper accounting practice. This practice primarily comprises the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

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

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

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

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

Accruals of Income and Expenditure

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

- 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.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Chief Constable's arrangements for accountability and financial performance.

Exceptional Items

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

Events after the Balance Sheet date

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

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Financial Instruments

Financial Liabilities

These are initially measured at fair value and are carried at their amortised cost.

Financial Assets

The financial assets held by the Chief Constable during the year are financial assets that have fixed or determinable payments and not quoted in an active market.

Foreign currency translation

Where the Chief Constable has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

Inventories

Inventories are included in the balance sheet at current cost price. International Accounting Standard (IAS) 2 states that Inventories should be measured at the lower of cost and net realisable value. The policy does not therefore comply with IAS 2, but the difference is not material.

Joint arrangements - Accounting for the consolidation of joint arrangements

Where the Commissioner/ Chief Constable have entered into collaborative arrangements with other Commissioners and Chief Constables, an assessment has been made against IFRS 11 Joint Arrangement to determine the appropriate accounting treatment. IFRS 11 requires all such arrangements to be classed as either Joint Ventures or Joint Operations. All of the Commissioner's/ Chief Constable's such arrangements are classed as Joint Operations where the Commissioner/ Chief Constable is entitled to their fair share of the Joint Operation's Assets and Liabilities.

Further details can be found under the Collaborative Arrangements note (Note 11).

Employee benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g., cars) for current employees and are recognised as an expense for services in the year in which the employees render service. An accrual is made for the cost of holiday entitlements (including time off in lieu and flexi leave) earned by employees but not taken before the year-end, which employees can carry forward into the next financial year. The accrual is made at salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs. For the Movement in Reserves Statement, please refer to page 29 of the Group Statement of Accounts.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Commissioner and Chief Constable to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners, and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Police officers and police staff have the option of belonging to one of two separate pension schemes relevant to them:

- Police Officers Pension Scheme, administered through a Police Pension Fund.
- Local Government Pensions Scheme administered by Carmarthenshire County Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees having worked for the Group.

This Police Officer Pension scheme is “unfunded” which means that no investment assets are built up to pay pensions and other benefits in the future, and therefore no provision to meet the liability for future payments of benefits is included in the balance sheet. The liabilities of the Local Government Scheme that are attributable to the Group are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of earnings for current employees.

Discretionary Benefits

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

Leases

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

Value Added Tax (VAT)

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

2. Previous Period Adjustments

There are no previous period adjustments that affect the Chief Constable's Statement of Accounts for 2022/23.

3. Accounting Standards issued but not yet been adopted

The Code requires the Chief Constable to disclose information relating to the impact of an accounting change that will be required by a new accounting standard that has been issued but not yet adopted by the Code. The standards introduced by the 2023/24 Code where disclosures are required in the 2022/23 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 year);
- Where an authority adopted IFRS 16 in 2022/23 but chose to defer implementation of IFRS 16 to PFI/PPP arrangements until 2023/24, information on that more specific accounting change will be required in its 2022/23 statements of accounts;
- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021;
- Disclosure of Accounting Policies (Amendments to IAS 1 & IFRS Practice Statement 2) issued in February 2021;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021, and
- Updating a reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

It is anticipated that the above changes will have no impact on the current Financial Statements. When compiling the Financial Statements for 2023/24, the effect of the changes will be reassessed and if necessary, the comparative figures restated.

4. Critical judgements in applying accounting policies

There continues to be a high degree of uncertainty about future funding levels for the Chief Constable. The Comprehensive Spending Review announced in 2021 indicated that police funding will rise by £100m in 2023/24 and £150m in 2024/25. Significant cost pressures are anticipated locally during these two financial years as a result of pay awards, inflationary pressures, capital financing and cost pressures associated with maintaining police officer numbers, in line with Home Office requirements, until at least 2026. The Home Office continue their work on the Police Funding Formula review which is used to allocate resources amongst policing bodies in England and Wales, timescales remain unclear, and this continues to be a risk. In addition, the Police Officer Pension Scheme is being revalued to include the impact of the McCloud / Sargeant remedy as well as demographic or other changes. It is expected that a change in contribution rate will be applied from 2024/25, although additional grant funding is anticipated. These matters will take some time to crystallise both in terms of local impact and also within the wider economic landscape and are reviewed and monitored as part of ongoing work on the Medium-Term Financial Plan. The Police and Crime Commissioner has determined that this uncertainty is not yet sufficiently defined to provide an indication to the Chief Constable if assets may be impaired, as a result of a need to close facilities, or of a need to reduce the level of service provision.

5. Assumptions and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Chief Constable about the future or that are otherwise uncertain. Estimates are made considering 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's Balance Sheet as at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, an increase of 0.25% in pay award for the police officer pension scheme would result in an increase to the pension liability from £1,073m to £1,085m.

6. Events after the Reporting Period

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

There have been no events after the reporting period that would affect the Chief Constable's financial position for 2022/23.

7. Financing and investment income and expenditure

This line contains corporate items of income and expenditure arising from involvement in financial instruments and similar transactions involving interest.

2021/22 £'000		Note	2022/23 £'000
36,375	Pensions interest cost and expected return on pensions assets	17	46,974
36,375	Total		46,974

8. Financial Instruments

A Financial Instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Liabilities

A Financial Liability is an obligation to transfer economic benefits controlled by the Chief Constable and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that are potentially unfavourable to the Chief Constable.

Financial Assets

A Financial Asset is a right to future economic benefits controlled by the Chief Constable that is represented by cash or other instruments or a contractual right to receive cash or another financial asset.

Financial Instruments – Balances

The financial assets and liabilities in the Balance Sheet are analysed across the following categories:

	Long Term		Current	
	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000
Creditors	0	0	(15,832)	(17,794)
Total Financial Liabilities	0	0	(15,832)	(17,794)
Debtors	0	0	1,145	1,805
Total Financial Assets	0	0	1,145	1,805

An intra-group transfer will take place from the Chief Constable's Accounts to the Commissioner's accounts based on the net current asset position as the Chief Constable is unable to hold cash balances.

Gains and Losses

No gains and losses have been recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments.

Fair Values

The Chief Constable's long-term financial liabilities are carried on the Balance Sheet at amortised cost.

The 2010 Code of Practice requires the Fair Values of these assets and liabilities to be disclosed for comparison purposes. Fair Value is defined in Financial Reporting Standard 26 (FRS 26) as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The Fair Value of a financial instrument on initial recognition is generally the transaction price.

There has been no change in the valuation technique used during the year.

Carrying amount 31 March 2022 £'000	Fair value 31 March 2022 £'000		Carrying amount 31 March 2023 £'000	Fair value 31 March 2023 £'000
		Financial Liabilities		
(15,832)	(15,832)	Creditors	(17,794)	(17,794)
(15,832)	(15,832)	Total Financial Liabilities	(17,794)	(17,794)
		Financial Assets		
1,145	1,145	Debtors	1,805	1,805
1,145	1,145	Total Financial Assets	1,805	1,805

Financial Liabilities

For creditors, the carrying value has been used as a reasonable approximation of fair value therefore the fair value at the Balance Sheet date is the same as the carrying amount.

Financial Assets

For debtors, the carrying value has been used as a reasonable approximation of fair value therefore the fair value at the Balance Sheet date is the same as the carrying amount.

9. Short-term Debtors

31 March 2022 £'000		31 March 2023 £'000
1,025	Prepayments	1,431
120	Other receivables	374
1,145	Total	1,805

10. Short-term Creditors

31 March 2022 £'000		31 March 2023 £'000
(3,220)	Trade payables	(5,452)
(12,612)	Other payables	(12,342)
(15,832)	Total	(17,794)

11. Collaborative Arrangements

Police Forces in Wales have a long, successful history of collaborating to develop specialist areas of policing. This included those under the remit of the former Police Authorities of Wales Joint Committee. Future collaboration will be driven by the need to satisfy the strategic policing requirement and by the

outcomes of the Regional Strategic Assessment of threats, risks and harm to the southern region of Wales.

The Police and Crime Commissioner for each Police Force will be responsible for ensuring the Strategic Policing Requirement is met. As part of this, the Commissioner will look to work in collaboration with other Commissioners and Forces to provide the most effective service possible. Such agreements are regulated by Section 22A of the Police Act 1996, as amended by the Police Reform and Social Responsibility Act 2011.

The collaborative services and their funding continue under revised Commissioner and Force governance arrangements. These are in effect considered as 'Pooled Budgets' with agreements for funding contributions made and varied from time to time, supported by certain specific government grants. The pooled budgets are effectively hosted by the Police and Crime Commissioner and Chief Constable for South Wales Police on behalf of the four Police Forces in Wales.

The total costs of the collaborative team in 2022-23 were £198k (2021-22 £135k) and Dyfed Powys Police's contribution to these costs was £49k in 2022-23 (2021-22 £28k).

Income and Expenditure for the main activities of the collaborative units is presented below along with the funding contributions made by each participating Force.

Included in accounting policies under collaborative arrangements is an explanation of the accounting requirements for joint operations. IFRS11, Accounting for Joint Arrangements, requires income and expenditure to be subject to a different accounting treatment than actually incurred. Accordingly, expenditure in Comprehensive Income and Expenditure Statement has been increased by £1,311k (2021/22: £1,015k) and income/grants have been increased by £1,675k (2021/22: £1,135k); a net decrease in expenditure of £364k (2021/22: £120k) for the Group. This net decrease has been reversed in the Movement in Reserves Statement in the Group Accounts with no impact on the Police Fund balance.

Assets, debtors and creditors in respect of the arrangements have remained in the balance sheets of Forces on the basis of materiality.

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

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

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

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

Service Classification and agreed basis of apportionment	Counter Terrorism Intelligence Unit/Special Branch	Counter Terrorism Specialist Advisors	Counter Terrorism Port/Dedicated Security	Regional Organised Crime Unit	Regional Task Force	Joint Firearms Unit	Total £'000
	National Policing (Population – national benefit basis) £'000	National Policing (Population – national benefit basis) £'000	National Policing (Population – national benefit basis) £'000	Intelligence/ Investigation (Population – national benefit basis) £'000	Intelligence (Agreed Financial Contribution – local delivery) £'000	Specialist Operations (Agreed Financial Contribution – local delivery) £'000	
Dyfed-Powys	1,778	99	425	2,334	478	4,865	9,979
Gwent	2,027	113	484	2,661	610	3,243	9,138
North Wales*	2,368	131	2,113	0	0	0	4,612
South Wales	4,528	251	1,080	5,944	1,262	8,109	21,174
Gross Expenditure	10,701	594	4,102	10,939	2,350	16,217	44,903
Dyfed-Powys	(1,778)	(99)	(425)	(1,244)	(9)	(649)	(4,204)
Gwent	(2,027)	(113)	(484)	(1,402)	(11)	(433)	(4,470)
North Wales*	(2,368)	(131)	(2,113)	0	0	0	(4,612)
South Wales	(4,528)	(251)	(1,080)	(3,158)	(22)	(1,082)	(10,121)
Total Income & Grants	(10,701)	(594)	(4,102)	(5,804)	(42)	(2,164)	(23,407)

Expenditure and Income Statements for 2021/22 for the main collaborative arrangements are as follows:

Service Classification	Counter Terrorism Intelligence Unit	Counter Terrorism Specialist Advisors	Counter Terrorism Port/Dedicated Security	Regional Organised Crime Unit	Regional Task Force	Joint Firearms Unit	Total £'000
	National Policing £'000	National Policing £'000	National Policing £'000	Intelligence Investigation £'000	Intelligence £'000	Specialist Operations £'000	
Pay Expenditure	6,115	534	3,895	7,508	1,909	13,255	33,216
Non-Pay Expenditure	1,222	34	312	1,209	527	2,195	5,499
Gross Expenditure	7,337	568	4,207	8,717	2,436	15,450	38,715
Specific Grant Income	(7,303)	(568)	(4,207)	(5,000)	0	(1,354)	(18,432)
Income	(34)	0	0	(86)	(46)	(265)	(431)
Total Income & Grants	(7,337)	(568)	(4,207)	(5,086)	(46)	(1,619)	(18,863)
(Surplus) or Deficit - to be funded from Force contributions as follows	0	0	0	3,631	2,390	13,831	19,852
Force contributions (net)							
Dyfed-Powys	0	0	0	(739)	(486)	(4,149)	(5,374)
Gwent	0	0	0	(943)	(621)	(2,766)	(4,330)
South Wales	0	0	0	(1,949)	(1,283)	(6,916)	(10,148)
Total Force contributions	0	0	0	(3,631)	(2,390)	(13,831)	(19,852)

Each Force's contribution towards Expenditure and Income for 2021/22 is as follows:

Service Classification and agreed basis of apportionment	Counter Terrorism Intelligence Unit	Counter Terrorism Specialist Advisors	Counter Terrorism Port/Dedicated Security	Regional Organised Crime Unit	Regional Task Force	Joint Firearms Unit	Total £'000
	National Policing (Population – national benefit basis) £'000	National Policing (Population – national benefit basis) £'000	National Policing (Population – national benefit basis) £'000	Intelligence/ Investigation (Population – national benefit basis) £'000	Intelligence (Agreed Financial Contribution – local delivery) £'000	Specialist Operations (Agreed Financial Contribution – local delivery) £'000	
Dyfed-Powys	1,210	94	402	1,848	495	4,635	8,684
Gwent	1,385	107	461	2,114	633	3,090	7,790
North Wales*	1,628	126	2,308	0	0	0	4,062
South Wales	3,114	241	1,036	4,755	1,308	7,725	18,179
Gross Expenditure	7,337	568	4,207	8,717	2,436	15,450	38,715
Dyfed-Powys	(1,210)	(94)	(402)	(1,078)	(9)	(486)	(3,279)
Gwent	(1,385)	(107)	(461)	(1,234)	(12)	(324)	(3,523)
North Wales*	(1,628)	(126)	(2,308)	0	0	0	(4,062)
South Wales	(3,114)	(241)	(1,036)	(2,774)	(25)	(809)	(7,999)
Total Income & Grants	(7,337)	(568)	(4,207)	(5,086)	(46)	(1,619)	(18,863)

12. Officers' remuneration

Senior employees - The remuneration paid to the Chief Constable's senior employees in 2022/23 was as follows:

	Year	From	To	Full-time equivalent salary as at 31.03.23 or end date £	Actual salary, including allowances £	Benefits in kind - lease cars £	Benefits in kind - relocation & rent £	Pay in Lieu of Notice / Exit Payment £	Total remuneration excluding pension contributions £	Pension contributions £	Total remuneration including pension contributions £
Chief Constable	2022/23	01/04/2022	31/03/2023	163,208	162,336	0	0	0	162,336	50,324	212,660
Deputy Chief Constable*	2022/23	01/04/2022	19/03/2023	124,530	126,245	0	0	0	126,245	41,412	167,657
Assistant Chief Constable	2022/23	01/04/2022	20/08/2022	119,220	46,150	0	0	0	46,150	14,306	60,456
Temporary Assistant Chief Constable (A)	2022/23	05/03/2023	31/03/2023	107,622	7,803	6,099	0	0	13,902	2,419	16,321
Temporary Assistant Chief Constable (B)	2022/23	10/07/2022	31/03/2023	114,306	84,314	4,800	0	0	89,114	25,635	114,749
Director of Finance/ Chief Financial Officer to the Chief Constable	2022/23	01/04/2022	31/03/2023	96,468	96,468	0	0	0	96,468	17,171	113,639
Total 2022/23					523,316	10,899	0	0	534,215	151,267	685,482

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

The Chief Constable and Deputy Chief Constable are provided with vehicles, however no liability to income tax arises in respect of the benefit as these two officers are on call at all times. This is in accordance with Section 248A of the ITEPA, which states: "1) This section applies where a) an emergency vehicle is made available to a person employed in an emergency service for the person's private use and b) the terms on which it is made available prohibit its private use otherwise than when the person is on call or engaged in on call commuting and c) the person does not make private use of it other than in such circumstances, 2) No liability to income tax arises by virtue of Chapter 6 or 10 or Part 3 (taxable benefits: cars, vans etc. and residual liability to charge) in respect of the benefit."

Senior employees - The remuneration paid to the Chief Constable's senior employees in 2021/22 was as follows:

	Year	From	To	Full-time equivalent salary as at 31.03.22 or end date £	Actual salary, including allowances £	Benefits in kind - lease cars (Note 1) £	Benefits in kind - relocation & rent £	Pay in Lieu of Notice / Exit Payment £	Total remuneration excluding pension contributions £	Pension contributions £	Total remuneration including pension contributions £
Chief Constable	2021/22	12/12/2021	31/03/2022	161,115	48,941	0	12,169	0	61,110	15,172	76,282
Temporary Chief Constable	2021/22	01/04/2021	11/12/2022	146,469	104,956	0	0	0	104,956	28,964	133,920
Deputy Chief Constable	2021/22	12/12/2021	31/03/2022	122,628	38,086	0	0	0	38,086	11,547	49,633
Temporary Deputy Chief Constable	2021/22	01/04/2021	11/12/2022	122,628	85,378	0	0	0	85,378	26,467	111,845
Assistant Chief Constable	2021/22	12/12/2021	31/03/2022	119,220	36,215	0	0	0	36,215	11,227	47,442
Temporary Assistant Chief Constable	2021/22	01/04/2021	11/12/2022	105,600	73,523	0	0	0	73,523	19,760	93,283
Assistant Chief Constable - All Wales Collaboration	2021/22	01/04/2021	29/01/2022	105,600	89,053	4,893	0	0	93,946	27,104	121,050
Director of Finance/ Chief Financial Officer to the Chief Constable	2021/22	01/04/2021	31/03/2022	94,482	94,482	0	0	0	94,482	16,818	111,300
Total 2021/22					570,634	4,893	12,169	0	587,696	157,059	744,755

Note 1: The Chief Constable and Deputy Chief Constable are provided with vehicles, however no liability to income tax arises in respect of the benefit as these two officers are on call at all times. This is in accordance with Section 248A of the ITEPA, which states: "1) This section applies where a) an emergency vehicle is made available to a person employed in an emergency service for the person's private use and b) the terms on which it is made available prohibit its private use otherwise than when the person is on call or engaged in on call or engaged in on-call

commuting and c) the person does not make private use of it other than in such circumstances, 2) No liability to income tax arises by virtue of Chapter 6 or 10 or Part 3 (taxable benefits: cars, vans etc. and residual liability to charge) in respect of the benefit.”

Other employees (excludes senior officers – itemised above)

The other Chief Constable employees receiving more than £60,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

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

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

** Remuneration includes a compensation for loss of office payment

Salaries over £150,000

One police officer, Dr Richard Lewis, Chief Constable, receives an annual salary of £163,208 (2021/22: £161,115)

Ratio of Chief Constable Remuneration

The Accounts and Audit Regulations (Wales) in 2014 as amended, requires disclosure of the following remuneration ratio information.

- the remuneration of the body's Chief Constable during the year to which the accounts relate
- the median full-time equivalent remuneration of all the body's employees in post at 31 March 2023; and
- the ratio of the amount in sub-paragraph (a) to the amount in sub-paragraph (b).

Remuneration includes basic salary, overtime, allowances and benefits in kind.

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

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

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

Members

The Scheme of Governance states that Members' expenses should be split equally between the Commissioner and Chief Constable. In 2022/23, allowances and expenses paid amounted to £4,000 in total (2021/22: £2,000). As 50% of this amount is not material, the costs have not been accounted for in the Chief Constable's accounts but accounted for in full within the Group accounts.

13. External audit costs

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

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

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

14. Related parties

The Chief Constable is required to disclose material transactions with related parties, i.e., bodies or individuals that have the potential to control or influence the Chief Constable or to be controlled or influenced by the Chief Constable. Disclosure of these transactions allows readers to assess the extent to which the Chief Constable might have been constrained in their ability to operate independently, or might have secured the ability to limit another party's ability to bargain freely with the Chief Constable.

Central Government

Central government has significant influence over the general operations of Dyfed-Powys Police and the Police and Crime Commissioner as it is responsible for providing the statutory framework within which both Dyfed-Powys Police and the Police and Crime Commissioner operate. It also provides the majority of funding in the form of grants and prescribes the terms of many of the transactions that Dyfed-Powys Police and the Police and Crime Commissioner have with other parties. A number of grants are received from the Home Office and the Welsh Government, most of which have strict terms and conditions, and these are set out in Note 31 of the Group Accounts.

Local Government

The Police and Crime Commissioner for Dyfed-Powys receives income in the form of precepts from the Council Tax Collection Funds of Local Authorities. The income received for 2022/23 and 2021/22 is provided as follows:

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

Entities Controlled or Significantly Influenced by the Chief Constable

The Chief Financial Officer to the Chief Constable is trustee of the "Safer Dyfed-Powys Diogel" trust. In 2022/23 The Chief Constable did not undertake any financial transactions with "Safer Dyfed-Powys Diogel" (2021/22: nil). Further information about the Trust is included in note 40 of the Group Statement of Accounts.

Joint Audit Committee Members

The total allowances and expenses paid to members during 2022/23 the year are shown in note 12.

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

15. Leases**Chief Constable as Lessee**Finance Leases

The Chief Constable does not have any Finance Leases.

Operating Leases

The Chief Constable of Dyfed-Powys leases property from other property owners where appropriate and affordable, to provide suitable accommodation for operational policing and support. Dyfed-Powys also has operating leases for plant and equipment which includes photocopiers.

The future minimum lease payments due under non-cancellable leases in future years are:

31 March 2022 £'000		31 March 2023 £'000
192	Not later than one year	204
300	Later than one year and not later than five years	402
314	Later than five years	645
806	Total	1,251

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

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

16. Termination benefits

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

Exit package cost band	2021/22		2022/23	
	Number of departures agreed in each band	Departure cost (including payment in lieu of notice) £'000	Number of departures agreed in each band	Departure cost (including payment in lieu of notice) £'000
	FTE	£'000	FTE	£'000
£0 - £20,000	1.0	1	1.0	2
£20,001 - £40,000	0.0	0	0.0	0
£40,001 - £60,000	0.0	0	0.0	0
£60,001 - £80,000	1.0	68	0.0	0
	2.0	69	1.0	2

17. Defined benefit pension schemes

Participation in Pension schemes

As part of the terms and conditions of employment of its officers, the Chief Constable makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Chief Constable has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Chief Constable participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Carmarthenshire County Council – this is a funded defined benefit CARE (Career Average Revalued Earnings) scheme, meaning that the Chief Constable and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. It should be noted that all staff are employed by the PCC, however for the majority of staff direction and control lies with the Chief Constable. Costs have been apportioned to reflect this.
- The Police Officer Pension Scheme – this is an unfunded defined benefit CARE (Career Average Revalued Earnings) scheme, consequently the fund has no investment assets. Benefits payable are funded by contributions from employers and employees with any difference between benefits payable and contributions receivable being met by a top up grant from the Home Office via the Commissioner.

Valuation of Scheme Liabilities

As a key part of the annual Statement of Accounts compilation exercise, actuaries are engaged to undertake an assessment of pension liabilities, assets and costs for inclusion in the Balance Sheet and Comprehensive Expenditure and Income Statement under International Financial Reporting Standards (IFRS). Traditionally these have been undertaken on a full valuation basis every three years with a roll-forward approach being applied in the interim years.

Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

These costs are reversed out of the Chief Constable's accounts into the Commissioner's accounts as the Chief Constable is not responsible for holding any reserves. This is shown as an intra-group transfer and can be seen on the following table:

	Local Government Pension Scheme		Police Pension Scheme	
	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000
Comprehensive Income and Expenditure Statement				
Cost of services				
Current service cost	(10,954)	(12,026)	(36,313)	(38,181)
Past service cost (including McCloud)	0	0	0	0
Other	(109)	(119)	0	0
Financing and Investment Income and Expenditure				
Net interest cost	(1,784)	(2,040)	(34,591)	(44,934)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(12,847)	(14,185)	(70,904)	(83,115)
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement				
Re-measurement of the net defined benefit liability comprising				
Return on plan assets (excluding the amount included in the net interest expense)	8,173	(9,216)	0	0
Experience (gain)/loss	(597)	(23,452)	13,822	(87,952)
Re-measurement gains and losses arising on changes in demographic assumptions	1,984	7,202	38,616	9,302
Re-measurement gains and losses arising on changes in financial assumptions	5,587	121,904	(47,596)	676,302
* IFRIC 14 surplus adjustment	0	(9,663)	0	0
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	2,300	72,590	(66,062)	514,537
Commissioning Costs (intra-group transfer)	(2,300)	(72,590)	66,062	(514,537)
Net cost	0	0	0	0
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	0	0	0	0
Actual amount charged against the General Fund Balance for pensions in the year				
Employers' contributions payable to scheme	0	0	0	0

An intra-group transfer has been included in the Chief Constable's accounts, as the Chief Constable is not responsible for managing reserves.

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

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

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

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

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

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

£9.663m of the Local Government Pension Scheme surplus was in respect of employment costs incurred by the Chief Constable and £0.218m was in relation to employment costs incurred by the Police and Crime Commissioner.

Pensions Assets and Liabilities recognised in the Balance Sheet

The majority of the employment costs are incurred by the Chief Constable, therefore assets and liabilities relating to post-employment benefits remain within the Chief Constable accounts.

The net liability arising from the defined benefit obligation:

2022/23	Local Government Pension Scheme £'000	Police Pension Scheme £'000	Total £'000
Present value of the defined benefit obligation	(175,504)	(1,073,421)	(1,248,925)
Fair value of plan assets	185,385	0	185,385
* IFRIC 14 surplus adjustment	(9,881)	0	(9,881)
Net liability arising from defined benefit obligation (Group)	0	(1,073,421)	(1,073,421)
Amount attributable to Police and Crime Commissioner	(1,943)	0	(1,943)
Net liability arising from defined benefit obligation	(1,943)	(1,073,421)	(1,075,364)

2021/22	Local Government Pension Scheme £'000	Police Pension Scheme £'000	Total £'000
Present value of the defined benefit obligation	(265,357)	(1,621,351)	(1,886,708)
Fair value of plan assets	185,847	0	185,847
Net liability arising from defined benefit obligation (Group)	(79,510)	(1,621,351)	(1,700,861)
Amount attributable to Police and Crime Commissioner	(616)	0	(616)
Net liability arising from defined benefit obligation	(80,126)	(1,621,351)	(1,701,477)

Reconciliation of the movements in the Fair value of Scheme (Plan) Assets:

	Local Government Pension Scheme		Police Pension Scheme	
	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000
Opening fair value of scheme assets	170,475	185,847	0	0
Interest income	3,786	5,322	0	0
Re-measurement gain / (loss) - The return on plan assets, excluding the amount included in the net interest expense	8,505	(9,423)	0	0
Contributions from employer	4,920	5,293	33,904	33,393
Contributions from employees into the scheme	1,787	1,940	6,141	6,469
Benefits paid	(3,517)	(3,475)	(40,045)	(39,862)
Other (if applicable)	(109)	(119)	0	0
Closing fair value of scheme assets	185,847	185,385	0	0

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Police Pension Scheme	
	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000
Opening Balance as at 1 April	(257,304)	(265,357)	(1,589,193)	(1,621,351)
Current service cost	(11,399)	(12,296)	(36,313)	(38,181)
Interest cost	(5,642)	(7,408)	(34,591)	(44,934)
Contributions from scheme participants	(1,787)	(1,940)	(6,141)	(6,469)
Remeasurement gains / (losses)				
Remeasurement gains / losses arising from changes in demographic assumptions	2,065	7,363	13,822	9,302
Remeasurement gains / losses arising from changes in financial assumptions	5,814	124,637	38,616	676,302
Other (if applicable)	(621)	(23,978)	(47,596)	(87,952)
Past service cost (including McCloud)	0	0	0	0
Losses / gains on curtailment (where relevant)	0	0	0	0
Benefits Paid	3,517	3,475	40,045	39,862
Closing balance as at 31 March	(265,357)	(175,504)	(1,621,351)	(1,073,421)

Local Government Pension Scheme Assets

Fair value of Scheme assets	2021/22 £'000	2022/23 £'000
Cash and cash equivalents	3,159	1,335
Equity instruments	134,312	137,908
Bonds	17,228	14,126
Property	24,290	24,934
Alternatives	6,858	7,082
Total Assets	185,847	185,385

Basis for estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions including mortality rates and salary levels.

Both the LGPS and Police Officer pension scheme liabilities have been estimated by Mercer Limited, an independent firm of actuaries.

The significant assumptions used by the actuary have been:

Mortality & Other Assumptions	Local Government Pension Scheme		Police Pension Scheme	
	2021/22	2022/23	2021/22	2022/23
Longevity at 65 (60 for police scheme) for current pensioners				
Men	23.0	21.9	26.2	25.9
Women	24.9	24.1	28.4	28.2
Longevity at 65 (60 for police scheme) for future pensioners				
Men	24.4	23.3	28.5	27.9
Women	27.1	26.0	30.6	30.1
Other assumptions				
Rate of inflation	3.2%	2.7%	3.2%	2.7%
Rate of increase in salaries	4.7%	4.2%	4.8%	4.2%
Rate of increase in pensions	3.3%	2.8%	3.3%	2.8%
Rate for discounting scheme liabilities	2.8%	4.8%	2.8%	4.8%

The estimation of the defined benefit obligation is sensitive to actuarial assumptions set out in the table above.

The sensitivity analyses below have been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period. The sensitivity analyses assume for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The

estimations in the sensitivity analyses have followed the accounting policies for the scheme i.e., on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analyses below did not change from those used in the previous period.

	Impact on the defined benefit obligation in the scheme	
	Increase £'000	Decrease £'000
Local Government Police Scheme 2022/23		
Longevity (increase by 1 year)	3,421	0
Rate of inflation (increase by 0.1%)	9,193	0
Rate of increase in salaries (increase by 0.1%)	1,975	0
Rate for discounting scheme liabilities (increase by 0.1%)	0	16,572

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

Local Government Police Scheme - Impact on Cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Group has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next three years. The latest Actuarial Valuation was completed on 31 March 2023 and details of prior and current employer's rates are shown below.

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

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

Legal Cases

The Chief Constable, along with other Chief Constables and the Home Office currently has a number of claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015. These claims against the Police Pension Scheme (the Aarons case) had previously stayed behind the McCloud/Sargeant judgement but have now been lifted and

a case management hearing was held on 25 October 2019. The resulting Order of 28 October 2019 included an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. Whilst the interim declaration applied only to claimants, the Government made clear through a written Ministerial Statement on 25 March 2020 that non-claimants would be treated in the same way.

On 16 July 2020, HM Treasury issued a consultation regarding transitional arrangements for public sector pensions to eliminate discrimination as identified through the McCloud/Sargeant cases. The consultation explained that the proposals set out would only apply to those who started their service on or before 31 March 2012 and remained in service on 1 April 2015.

On 4 February 2021, HM Treasury issued their response to the consultation which confirmed the remedy arrangements set out in the consultation, and states that members would be given a choice as to whether to retain benefits from their legacy pension scheme, or their new scheme, during the remedy period (2015 to 2022). This choice will be deferred for members until retirement. As the findings of the original Employment Tribunal did not identify that the introduction of the new public sector pension schemes were discriminatory (rather it was the transitional provisions), the legacy schemes will be removed from April 2022 to be replaced by the new pension schemes originally introduced in 2015.

McCloud Remedy

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

Impact on pension liability

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. For the Chief Constable, this affects the vast majority of pre-2012 joiners. Scheme actuaries originally estimated the increase in scheme liabilities to be 5.4% or £85.5m of the total police pension scheme liabilities of £1.589 billion. This was recognised in the 2018/19 and 2019/20 accounts.

The accounting figures prepared in 2021 and 2022 already include an allowance for McCloud that is substantially in line with the eligibility criteria and assumes that protected members currently accrue benefits in their legacy schemes.

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

The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgement on contribution rates for employers and employees will be measured at the next pension valuation process. The next Police Pension valuation is due to be reported in 2023/24, and the indication is that this will affect contribution rates in 2024/25, although this timetable is subject to change.

The impact of an increase in annual pension payments arising from McCloud/Sargeant is determined through the Police Pension Fund Regulations 2007. These require a police body to maintain a pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have sufficient funds to meet the cost of pensions in year, the amount required to meet the deficit is then paid by the Secretary of State to the Commissioner in the form of a central government top-up grant.

18. Contingent Liabilities

Undercover Policing Inquiry

The purpose of this inquiry is to investigate and report on undercover police operations conducted by English and Welsh Police Forces in England and Wales since 1968. The inquiry is examining the contribution undercover policing has made to tackling crime, how it was and is supervised and regulated, and its effect on individuals involved – both police officers and others who came into contact with them.

A liability has been established and along with eleven other Forces, external solicitors are engaged to represent serving officer(s). There is an agreement for Dyfed-Powys Police to meet a 5% share of generic preparation costs incurred by the legal firm and all costs incurred to date have been reflected in revenue accounts.

At this stage, the inquiry is not far enough progressed to reliably estimate future costs therefore no provision has been made in the 2022/23 Accounting Statements. The Inquiry currently aims to publish its final report in 2026.

19. Nature and extent of risks arising from financial instruments

Outstanding Debts

Bad Debt Provision is calculated on a Group Level as the Chief Constable does not hold provisions. The following figures are therefore for information only.

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

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

Glossary of Terms

Term	Definition
2022/23	This refers to the period covered by these accounts - 1 April 2022 to 31 March 2023.
2021/22	This refers to the period covered for comparative purposes by these accounts – 1 April 2021 to 31 March 2022.
Accounting policies	These are a set of rules and codes of practice used when preparing the accounts.
Accruals	The accounting treatment, where income and expenditure is recorded when it is earned or incurred not when the money is received or paid.
CIPFA	The Chartered Institute of Public Finance and Accountancy, one of the professional accountancy bodies in the UK. CIPFA specialises in the public services and has responsibility for setting accounting standards for these services.
Commissioning	The entire cycle of assessing the needs of people in a local area, designing services, and then securing them.
Contingent liabilities	These exist where: <ul style="list-style-type: none"> • a possible obligation arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control; or • a present obligation arises from past events but is not recognised because: <ul style="list-style-type: none"> • it is not probable that a transfer of economic benefits will be required to settle the obligation, or • the amount of the obligation cannot be measured with sufficient reliability.
Corporation sole	A corporation sole is a legal entity consisting of a single ("sole") incorporated office, occupied by a single ("sole") man or woman i.e. the Commissioner and Chief Constable are both corporations sole under the PRSRA.
Creditors	Individuals or organisations to which the 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.

Term	Definition
Curtailment	Changes in liabilities relating respectively to actions that relieve the employer of primary responsibility for a pension obligation (e.g. a group of employees being transferred to another scheme) or events that reduce the expected years of future service of employees or reduce the accrual of defined benefits over their future service for some employees (e.g. closing a business unit).
Debtors	Individuals or organisations that owe the Chief Constable money at the end of the financial year split short-term (within 12 months) and long-term.
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.
Fair value	The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase of the asset.
Financial instrument	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.
IFRS	International Financial Reporting Standard.
IFRIC	International Financial Reporting Interpretations Committee.
Group accounts	The financial statements of the group i.e., the two corporations sole, presented as a single economic entity.
Inventories	Amounts of unused or unconsumed stocks held in expectation of future use at the Balance Sheet date.
Leases	This is where a rental is paid for the use of an asset for a specified period of time. Two forms of lease exist: finance leases and operating leases.
Materiality	An item would be considered material to the financial statements if, through its omission or non-disclosure, the financial statements would no longer show a true and fair view.
Net Interest Cost (Pensions)	For a defined benefit scheme, this occurs during the period when the net defined benefit liability (asset) arises from the passage of time.
Operating Leases	An operating lease involves the lessee paying a rental for the hire of an asset for a period of time that is substantially less than its useful economic life. The lessor retains most of the risks and rewards of ownership.
Past service cost	For a defined benefit scheme, these arise from decisions taken in the current year but whose financial effect is derived from years of service earned in earlier years.

Term	Definition
PCC	The abbreviation for the Police and Crime Commissioner. The PCC is a separate corporation sole which was established on the 22 November 2012 under the Police and Social Responsibility Act 2011. Also referred to as the Office of the Police and Crime Commissioner (OPCC).
Police Reform and Social Responsibility Act (PRSRA)	An Act of the Parliament of the United Kingdom which transferred the control of Police Forces from police authorities to elected Police and Crime Commissioners.
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 policies and the basis of the annual precept to be levied on collection funds.
Senior Employee	An employee whose salary is more than £150,000 per year, or one whose salary is at least £60,000 per year (calculated pro rata for a part-time employee) and who is the designated head of paid service and a statutory chief officer. Typically, the Commissioner's Chief Executive and statutory Chief Officers.
The CIPFA Code of Practice	The CIPFA Code of Practice (The Code), incorporates guidance in line with IFRS, IPSAS and UK GAAP Accounting Standards. It sets out the proper accounting practice to be adopted for the Statement of Accounts to ensure they 'present fairly' the financial position of the Council. The Code has statutory status via the provision of the Local Government Act 2003.