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THE POLICE AND CRIME COMMISSIONER FOR DYFED-POWYS

GROUP STATEMENT OF ACCOUNTS



FOR THE YEAR ENDED
31 MARCH 2020



COMISIYNYDD
HEDDLU A THROSEDDU
DYFED-POWYS
POLICE AND CRIME
COMMISSIONER

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Narrative Report

1. Introduction

- 1.1. This narrative report aims to provide information on the most significant matters reported within the Group accounts for the services provided by the Police and Crime Commissioner (Commissioner) and Chief Constable of Dyfed-Powys along with providing wider organisational context.
- 1.2. 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. Mr Dafydd Llywelyn was elected as Commissioner in May 2016. Mr Mark Collins was appointed by the Commissioner to the position of Chief Constable in December 2016.
- 1.3. As part of a range of measures, the Coronavirus Act 2020 postponed elections for Police and Crime Commissioners, which were due to take place in May 2020, by one year to 6 May 2021. The Act extends the term of office of the current incumbent for one year and reduces the term of office for the next incumbent by one year.
- 1.4. This report details the main objectives, strategies and principle 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.
- 1.5. 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 Operational Performance
 - Organisational Model
 - Financial Performance
 - Risks, opportunities and the Medium Term Financial Outlook
 - Coronavirus Pandemic Response and Implications
 - Basis of preparation and presentation

2. Organisational Overview and External Environment

- 2.1. Spanning 4,188 square miles, Dyfed-Powys is the largest force area in England and Wales. With 13,842 miles of roads, 2 large ports, 350 miles of coastline and vast areas of countryside, the geography presents significant demand and resourcing challenges.



- 2.2. The resident population of 518,062 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.
- 2.3. The Welsh language is spoken by 40.9% of Dyfed-Powys residents compared with the national average of 28.4%. As a service we 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 with us via the medium of Welsh.
- 2.4. The skills of the workforce and resourcing levels are critical in dealing with the ever evolving and changing demands and legislation. The Chief Constable manages and controls the force through internal governance arrangements with the Commissioner providing oversight and scrutiny on behalf of the public.
- 2.5. Against national trends, Dyfed-Powys' Police Officer headcount has remained relatively stable over the last 10 years, albeit 2018/19 saw a small planned reduction as a result of a voluntary early severance scheme for Police Officers. This was planned and managed carefully to ensure that key skills were retained. It realised £1.2million of cost reductions and facilitated succession planning to deliver an optimal and effective skills mix. The budgeted number of Police Support Staff posts have since risen to 701 as a result. The workforce also includes 148 PCSO positions and 98 special constables. The implications of the Government's commitment to recruit an additional 20,000 police officers across England and Wales by March 2023 will have an impact on these numbers for the future and this is referenced in Section 4 and 6.

Home Office Police Workforce Statistics as at 31st March each year										
	2,010	2,011	2,012	2,013	2,014	2,015	2,016	2,017	2,018	2,019
Police Officers	1,195	1,157	1,131	1,112	1,123	1,176	1,149	1,160	1,186	1,145
Police Staff	720	673	606	606	600	536	584	622	633	651
Police Community Support Officers	83	80	97	143	150	147	135	143	145	146
Total	1,998	1,910	1,834	1,861	1,873	1,859	1,868	1,925	1,964	1,942
England and Wales Total	248,397	237,250	224,272	218,052	214,024	212,380	205,860	203,135	204,330	206,569

- 2.6. The financial landscape continues to be challenging and Dyfed-Powys Police has seen central grant funding reductions of 21% or £13 million between the 2010 Comprehensive Spending Review and 2019/20. The force has been required to make savings of £29.5 million over this period and has an extensive efficiency and savings plan going forward but there will also be a requirement to identify more to ensure a balanced budget given cost pressures expected particularly in relation to pension costs. Against this backdrop, the force also has some significant capital investment needs over the next ten years in relation to new premises and ICT systems as well vital ongoing maintenance and equipment replacements.
- 2.7. There has been much independent commentary over recent years and months in relation to Police sustainability, funding, resilience and increased financial burdens. Pressures continue to arise from the changing nature of crime and more recently the complex array of implications and far reaching financial and economic consequences which will arise as a result of the Coronavirus pandemic. These highlight the very critical and precarious position that Dyfed-Powys, the police service, public services and the country as a whole face.
- 2.8. Both the Commissioner and Chief Constable continue to articulate concerns in relation to the very significant impacts and risks that threaten the communities of Dyfed-Powys. The Medium Term Financial Plan for 2020/21 further details aspects, albeit it must be noted that this was approved prior to the Coronavirus pandemic, so does not yet reflect the specific implications of this:
- <http://www.dyfedpowys-pcc.org.uk/media/9094/2021-mtftp-and-precept-report-for-panel-final-for-publication.docx>
- 2.9. Against this challenging financial backdrop, demands continue to grow and become increasingly complex. The force has experienced increases in recorded crime over recent years albeit that changes to the way that crimes are recorded nationally have impacted on this. All forces in England and Wales have experienced similar increases with the most notable increases being in relation to violent crime.
- 2.10. Police officers and staff are called upon to deal with a wide variety of important issues affecting the public.

Antisocial Behaviour	Fraud	Property crime
Brexit	Governance	Resources
CCTV	Justice	Roads policing
Children and young people	Mental health	Sexual crime
Crime investigation	Modern Day Slavery	Specialist capabilities
Cyber crime	Neighbourhood policing	Stop and search
Digital technology	Organised Crime	Terrorism
Domestic abuse	Police Effectiveness	Violent crime
Drugs and alcohol	Police legitimacy	Workforce
Firearms	999 Response	Youth and Policing

- 2.11. 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.
- 2.12. The force and Office of the Police and Crime Commissioner developed a delivery plan for 2017-21 in support of the Police and Crime Plan with a Vision being created for 2025. Detailed delivery plans were then developed to underpin these high level strategic documents. The plans recognise the challenging operational and financial environment, the

need for continued investment to support sustainable services and the requirement to match force resources and assets to meet force demand appropriately.

- 2.13. With the Commissioner's support, the force has invested significantly in digital policing, providing front line officers and PCSOs with access to force systems through mobile data terminals and body worn video cameras, as well as introducing vehicle based telematics to enhance incident response. CCTV has continued to be rolled out widely across the area, acting both as a deterrent but also providing a valuable and effective crime investigation tool.
- 2.14. 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 a number of important services such as Armed Response and responding to the threat of Organised Crime and Terrorism are carried out in collaboration with other forces.
- 2.15. Dyfed-Powys Police contributes to national policing activities and the force's officers and staff have assisted with a number of high profile policing events and incidents during the year which were reimbursed including:
 - D-Day 75th Year celebrations - June 2019
 - Investigation into deaths of 39 Vietnamese people in refrigerated lorry in Essex
 - NATO Conference - December 2019
 - State Visit of US President - June 2019
 - Conservative Party Conference - Manchester
 - Various Climate Protests
 - African Investment Summit - January 2020
 - Swansea City V Cardiff City - October 2019
- 2.16. More locally, the force had a number of significant planned and unplanned operations and events during the year including:
 - Investigation of missing person from Nantgaredig Carmarthen
 - Numerous investigations into activity concerned with supply of drugs including work in connection with the NCA to detect and recover £60m worth of Cocaine from a yacht in Fishguard. Two men caught aboard pleaded guilty and were sentenced to 19.5 and 13.5 years
 - A number of other tragic incidents which brought significant operational challenges and extraordinary resourcing requirements
 - Numerous local events and activities including the Royal Welsh Show and the Hay Book Festival
- 2.17. Early 2020 also saw the developing emergency arising from Coronavirus, with the World Health Organisation declaring it a pandemic on the 12th March 2020. The impact and response to this has been unprecedented amongst the public sector as a whole, most significantly on the National Health Service but also specifically to policing.
- 2.18. Dyfed-Powys took a range of early steps to ensure that it was well prepared to respond at a local, regional and national level. The governance arrangements established were significant to ensure that all aspects of operational and organisational performance and service delivery were both optimal and dynamic to respond appropriately to the quickly evolving position, with the health and wellbeing of the workforce being absolutely paramount. These arrangements

are further outlined within the Annual Governance Statement and an additional section has been included at 7 of this narrative report to highlight some of the wider service delivery and organisational issues along with the financial implications.

3.0 Governance and Operational Performance

- 3.1 The Governance arrangements by which the Commissioner and Chief Constable operate are complex, and these were critically reviewed during 2018/19 and continue to evolve to ensure the effective organisational management, oversight and scrutiny. An Annual Governance Statement is included as part of this Statement of Accounts and this details the arrangements in place for delivering robust scrutiny and accountability by the Commissioner and Chief Constable. 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.
- 3.2 The Commissioner and Chief Constable each have a clear and separate statutory remit. The operational independence of the Chief Constable is protected in legislation. He 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 Queen's Peace.
- 3.3 The Police and Crime 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.
- 3.4 The Commissioner is responsible for setting the strategic priorities for the force through the production of the Police and Crime Plan, ensuring business is conducted in accordance with the law and that proper standards are achieved and maintained.
- 3.5 The Commissioner's Police and Crime Plan is an important document that sets out four priorities and five key delivery principles namely:

Priorities	Delivery Principles
Keeping Communities Safe	Delivering Value for Money
Safeguarding the Vulnerable	Public Engagement
Protecting our communities from serious threats	Working Together
Connecting with communities	Supporting Victims
	Equality and Fairness

- 3.6 The Commissioner and Chief Constable have continued to consolidate the solid and professional relationship between the two functions but have a single vision of improving Dyfed-Powys Police and the service it provides to the public.
- 3.7 The Commissioner funded a range of services during 2019/20 to assist in delivering the priorities outlined in his Police and Crime Plan:
- The Commissioner continued to fund a vital first point of contact service for victims of crime and anti-social behaviour. This service ensures that all victims of crime, and vulnerable or higher risk victims of antisocial behaviour, are provided with a support service to help them cope and recover from the impact of their experiences. This service was independently reviewed during 2019 and the Commissioner has been provided with a series of recommendations to ensure that victims are provided with the best possible service. Along with a deep dive scrutiny exercise undertaken by the Commissioner's team, this review will form the cornerstone of a project within the force which will implement a number of improvements to the services provided to victims within Dyfed-Powys.
 - Following on from the success of the Commissioner's work with Local Authorities to provide an independent advisory service (IDVA) for victims of domestic abuse assessed as high risk, there have been a number of developments to further support victims of domestic abuse across the force area. These include the introduction of a vulnerability hub within Dyfed-Powys Police and a number of multi-agency processes to review, risk assess and implement safety plans for victims on a daily basis. An evaluation of these processes will be undertaken in order to inform the future requirements of the IDVA service, in readiness for re-tendering after 2021.
 - The Commissioner continued to work with partner agencies at a pan-Wales level to improve the response to victims of sexual abuse. This included the development of a specification to review the demand and service requirements of the 'spoke' services in the new model; which will provide victims with support throughout the criminal justice system and will bring together a package of support including counselling and other community support services. New Pathways continue to provide a crisis support service working closely with the police to provide forensic medical examinations and immediate access to healthcare in the aftermath of an incident. The Commissioner's office successfully secured additional funding for 2020/21 from the Ministry of Justice which will provide an extra Independent Sexual Violence Advisor post within the team reflecting the rural nature of the force and the need for outreach services within the communities of Dyfed-Powys.
 - The Commissioner is an integral partner within Area Planning Boards (APBs), who are responsible for providing accountability, governance and scrutiny of substance misuse strategic planning, performance and financial management. APBs are established on a Health Board footprint, with membership consisting of the responsible authorities under the Crime and Disorder Act 1998. The Commissioner has worked with partners to refine the specification for the jointly commissioned Tier 2 service in Dyfed, with a more significant focus on working with the Police to deliver outreach services and proactively supporting operations. This service was re-tendered and successfully awarded to commence in May 2020. A similar exercise will follow in Powys in readiness for contract commencement in 2021. Following a successful pilot of the Offender Diversion Scheme, it has been introduced across the entire force area with Pobl Care and Support being successfully awarded the contract in November 2019. The scheme was the first of its kind

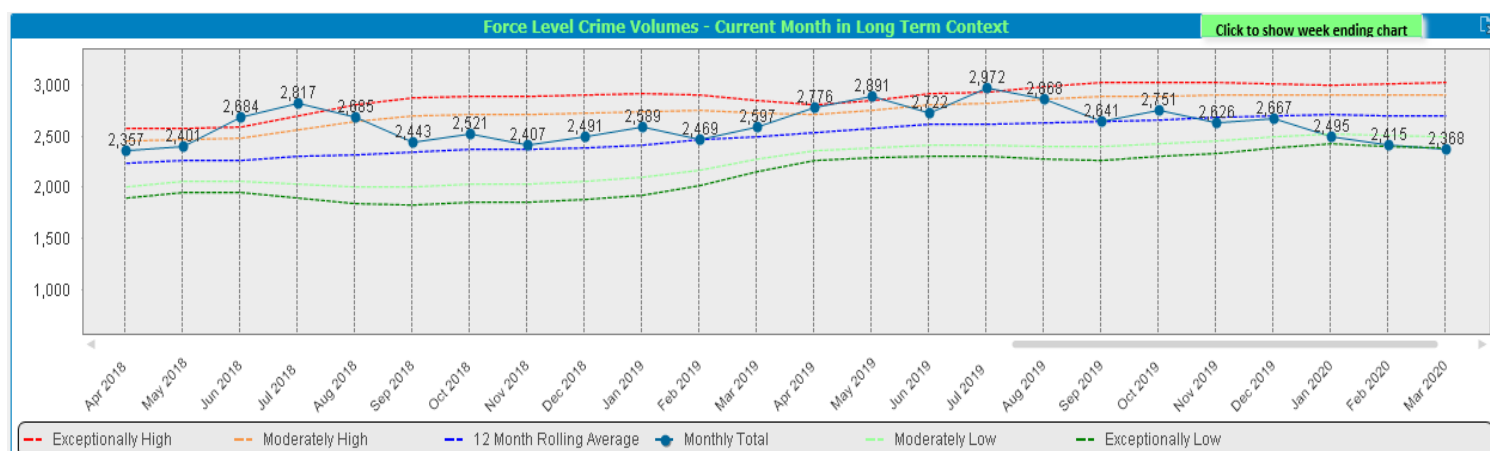
to be delivered in Wales and has embedded well, providing support to a number of offenders in order to address the underlying causes of their offending, with the ultimate aim of reducing the number of victims within Dyfed-Powys.

- The Wales Community Rehabilitation Company continued to provide a victim-led restorative justice service and work closely with Goleudy to ensure that all victims are aware of their options to access restorative practice. A Restorative Justice intervention is a process where the victim and the offender collectively resolve how to deal with the aftermath of an offence.
- The Commissioner retendered the service to provide independent debriefing and mediation support for children and young people who have been reported as missing and are at risk of victimisation or exploitation. The impact of the existing service is evident by the reduction in incidents of missing young people being reported. Missing incidents for under 18s in Dyfed-Powys reduced by approximately 35% between 2015/16 and 2019/20, equating to a reduction of over 650 individual missing episodes. Following a tender exercise, Llamau have successfully retained their contract to continue from April 2020 for an initial period of 2 years.

- 3.8 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 Police and Crime 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>
- 3.9 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 the appropriate Boards within the Governance structure with a key focus on improvement.
- 3.10 Dyfed-Powys Police have continued to answer 999 calls well within the 10 second target set by the Code of Practice for the Public Emergency Call Service (PECS). 101 performance in terms of average speed of answer and abandonment has declined since the same period last year. A multifaceted plan is in place to improve 101 performance. The plans proposed include changes to ICT systems, Force Contact Centre (FCC) (and wider force) processes, improving internal partnership working and promulgating cultural change. The number of calls for service received at our FCC has remained largely unchanged for the last 4 years. Demand is forecasted to change as the FCC provides additional digital contact channels via social media and single online home in the coming year.
- 3.11 Response times to calls for service, in accordance with the prioritisation given to them, is very good. Some geographical challenges are faced in places such as Lampeter and Radnorshire Inspector areas however, in comparison, the response times are far better than in other forces.
- 3.12 The following chart demonstrates that total crime recorded peaked in July 2019. A decrease in crime commenced from December 2019 and continued steadily. The UK faced a

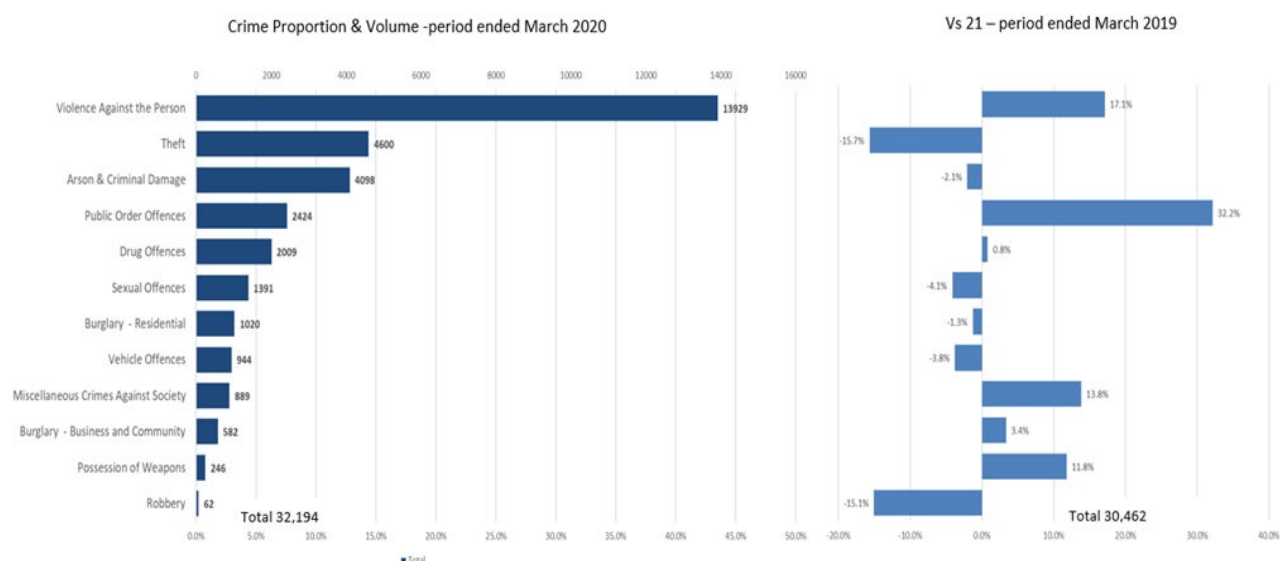
nationwide lockdown on the 23rd March due to the COVID-19 situation. Crime volume is showing the beginnings of a decrease that continued into April 2020.

Total recorded crime volume over time



- 3.13 Within the last two years, the largest increases in recorded crime are within Public Order Offences, Violent Crime and Miscellaneous Crimes against Society. Increases are also noted within Possession of a Weapon albeit, these are small in number, but given the serious nature of the crimes and indeed the national focus on knife crime, it is important that the force continues to record and deal effectively with all such reports. There was a 15% decrease in both Robbery and Theft. Overall there has been a 5.7% increase in crime compared to 2018/19.

Crime Category comparison 2018/19 to 2019/20



- 3.14 The majority of investigations now have an element of cyber dependency in the way the offence is committed. As the number of devices increase and storage expands, early triaging and assessment is essential in order to prioritise examinations and cope with demand.

Revision of processes within the Digital and Cyber Crime Unit (DCCU) has ensured that effective triaging takes place both at the point of seizure and on submission to the DCCU. Capacity in dealing with the investigation of digital devices pertaining to lower level offences has also been increased, through training Crime Scene Investigators to retrieve data from mobile devices in accordance with ISO standards. This, alongside other measures, has assisted in a substantial reduction of outstanding workload within the DCCU and enabled a better service to victims.

- 3.15 County Lines remains a national threat with Organised Crime Groups from major cities targeting rural communities and taking control of local drug markets. Early intervention by Dyfed-Powys Police to disrupt activity has assisted in minimising the harmful impact within the force area. The creation of Serious Violence and Organised Crime boards within each County has helped develop a multi-agency approach to this threat and protect the vulnerable who are targeted by these groups.
- 3.16 Doing the basics brilliantly is a key commitment of the Chief Constable and this applies across all areas of work. For 2019/20, Neighbourhood policing and Domestic Abuse have been established as priority areas that the Chief Officer team and other senior leaders are focusing on to drive improvement in further safeguarding our communities.
- 3.17 Dyfed-Powys Police have also prioritised raising the standards of investigations across all crimes reported, paying specific emphasis on more serious crimes whereby investigations can become protracted. This work has been led by the Head of Crime and has resulted in a substantial reduction in live cases that are over 12 months old. Particular focus has been paid to Rape and Serious Sexual offences (RASSO) due to the trauma that is caused to victims. There is effective management of these investigations amongst senior leaders and regular RASSO meetings are held with the Crown Prosecution Service to review any failed cases and to scrutinise police decision making around any "No further action (NFA)" cases.
- 3.18 To further build on measures put in place to enhance the service provided to victims of crimes, which included the establishment of a Vulnerability Desk, a Secondary Risk Assessment Unit (SRAU) has been developed to effectively respond to the increase in domestic abuse incidents and cases referred to the Multi-Agency Risk Assessment Committee. The SRAU provide a consistent approach to the grading of domestic incidents and provide a timely and effective risk management plan through multi-agency daily discussions. Furthermore, staff are trained to complete a Screening Assessment for Stalking and Harassment.
- 3.19 The Vulnerability Hub draws together key functions including the Central Referral Unit, SRAU, Offender Management Unit and Harm Reduction Unit. It is anticipated that this will improve our response to all vulnerable victims. Through the development of a Triage and Assessment unit, the force will be able to review all Multi Agency Referral Forms providing a consistent assessment of threat, risk and harm. This will enable early intervention to address lower level vulnerability adopting an Adverse Childhood Experience lens approach. Working with partners and conducting joint reviews has stimulated interest from Local Authorities to form part of the Triage and Assessment. This can be carried out physically or virtually using the recently purchased state of the art software, mitigating some of the geographical challenges presented to Dyfed-Powys.
- 3.20 During this fiscal year, the conviction rates in Dyfed-Powys for both Crown and magistrates' court have consistently remained higher than the national average. Although the conviction rates have fluctuated on a quarterly basis, the trends remain steady i.e. 82.4% to 86.9% in

the Crown Court and 87.2% to 90.9% (Q3 data was the highest in Wales) in the magistrates' court

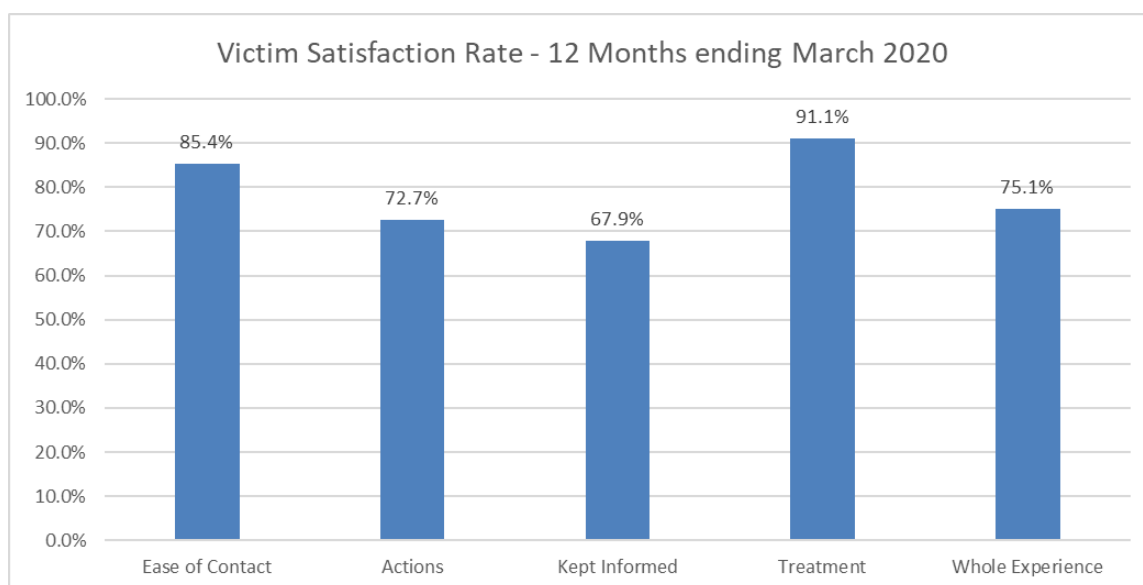
- 3.21 Public opinion of local policing is gauged from two key sources of information. These are the Crime Survey for England and Wales (CSEW) which offers public perception of policing and the Victim Satisfaction Survey which provides victim experience of policing. The CSEW is carried out by the Office for National Statistics and the Victim Satisfaction Survey is carried out by police staff within Dyfed-Powys Police, a service commissioned by our Police and Crime Commissioner. Generally the Victim Satisfaction Survey suggests that victims are satisfied with the whole experience however, keeping victims informed of progress made against the investigation of the crime is an area that is consistently highlighted as one for improvement.

a. Crime Outcomes

Considering crimes that were reported and assigned an outcome (finalised) in 2019/20, 65.7% (19,911 crimes) were assigned an outcome within 30 days of it being reported. This is an increase of 2.7% when compared with 2018/19. The volume of crimes assigned an outcome within 30 days depends highly on both the type and nature of the crime. Crimes of greater complexity, such as sexual and robbery offences (35.7% and 43.5%, respectively) are likely to take longer to assign an outcome, than crimes that are generally considered less complex, such as criminal damage and public order offences (75.9% and 71.8%, respectively).

b. Victim satisfaction

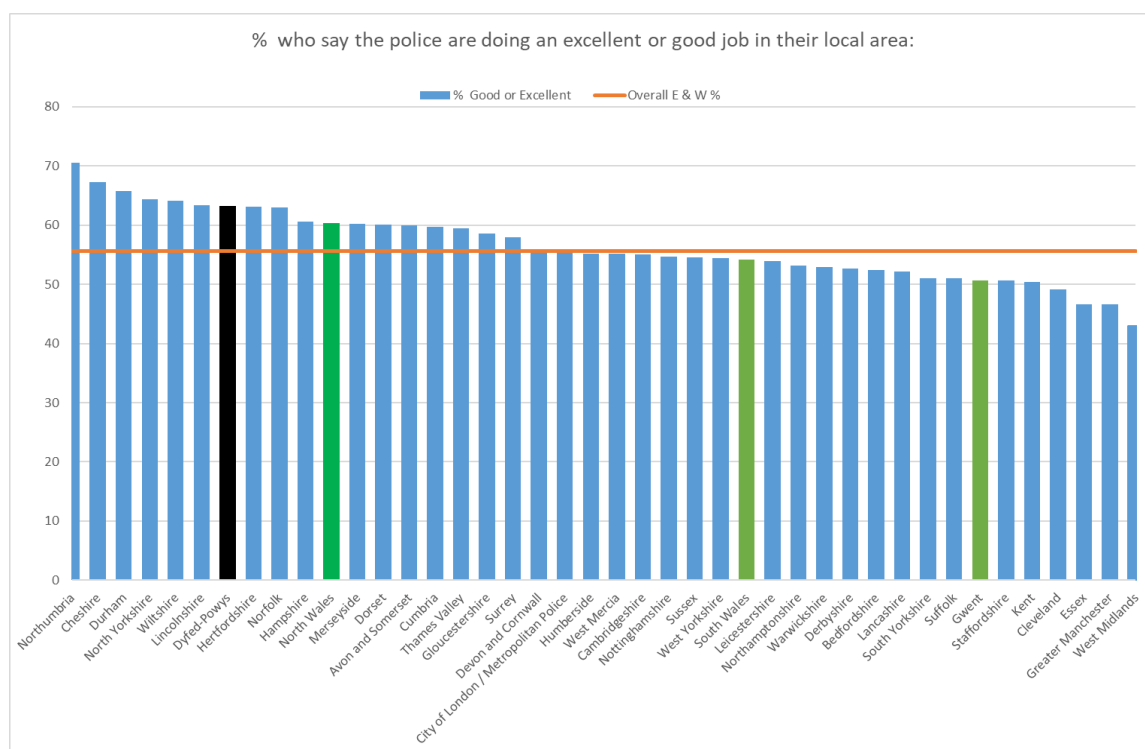
615 telephone interviews were conducted in 2019/20 to identify how satisfied victims of crime and anti-social behaviour were with policing services received. The graph below focuses on five aspects of our victims' journey. Only 3 surveys were conducted in March 2020 as the national lockdown due to COVID-19 meant that surveying of victims of crime could not continue as it was not a task that was suitable for home working. Due to the small numbers March figures are therefore not included in the final dataset.



- 3.22 In terms of Victims Satisfaction, 75.1% were satisfied with their whole experience but the force recognises that there is work to do to focus on keeping victims up to date. Lower satisfaction rates with being kept informed appear to influence an individual's whole experience satisfaction rate. Satisfaction with treatment rates remain consistently high.

- 3.23 Despite a number of personnel changes occurring within the Police Chief Officer team over the year, the Commissioner and force continue to work hard together to overcome continued challenges with progress being made in a number of critical areas. A focus on public engagement and working together to safeguard the vulnerable has resulted in a shift in focus, to what has now been recognised nationally as exceptional victim care.
- 3.24 The level of public perception remains high in comparison with levels elsewhere in the country with 63% rating the work that Dyfed-Powys Police do as good or excellent (CSEW December 2019 Data):

Level of Public Perception – Good or Excellent



- 3.25 During October 2018 Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) undertook the first annual integrated PEEL inspection of the force. Their findings were published in late April 2019 with the following gradings:

Section	Test	Outcome
Effectiveness	How effectively does the force reduce crime and keep people safe?	Good
Efficiency	How efficiently does the force operate and how sustainable are its services to the public?	Requires Improvement
Legitimacy	How legitimately does the force treat the public and its workforce?	Requires Improvement

- 3.26 Although disappointing to see the gradings, both the Commissioner and Chief Constable are absolutely committed to providing a first class policing service to the communities of Dyfed-Powys. The force has invested a significant amount of time in better understanding the issues highlighted and continues to focus on addressing these. This spring, the force accepted an invitation from HMICFRS to be a pilot force for their new Continuous Assessment PEEL framework this summer. However due to the outbreak of Covid-19 in

March 2020 HMICFRS suspended all inspection activity until further notice. There are currently no timescales for this to recommence.

- 3.27 HMICFRS has recognised the significant progress the force is making in relation to restructuring services to deliver specialist support to communities. It is also reassuring to hear praise for the work of staff in the Force Contact Centre, who consistently identify vulnerability. HMICFRS have further provided positive feedback to progress made around the new strategic direction and model for Neighbourhood Policing. The force was graded as good for treating the public fairly which is testament to the work undertaken daily to support and safeguard the communities of Dyfed-Powys.
- 3.28 Both the Commissioner and Chief Officer Group are very clear that they want a culture where everyone feels able to be heard and to challenge but it was evident that there was work to do in relation to concerns about perceived fairness. The force undertook a staff survey during 2019/20 with a response rate of 52.5%. The findings are currently being analysed by Durham University who are undertaking the research.
- 3.29 The force recently resubmitted an application for an Investors in People accreditation. This process casts an independent eye across the whole of the force including its working practices, leadership and culture. It is very pleasing to note that the force was awarded the prestigious Gold Award by Investors In People in April 2020. With less than 7% of organisations applying achieving this level of accreditation, this is a significant achievement and underlines the extent of the improvements that have been made in relation to the leadership approach, staff welfare and the management of people.
- 3.30 This is complemented by the staff survey, which was run at the same time. These provide a great opportunity for Chief Officers to learn about and act on the opinions of the workforce. This is supplemented by frequent Chief Officer Road Shows and are supplemented further by online interactions by Chief Officers on platforms such as “Ask the Chief”, social media and the “COG Blog”. Chief Officers will review the feedback from Investors in People together with the results of the staff survey to identify and address all opportunities to improve further.
- 3.31 The force has continued to re-shape to meet demand and has made considerable progress in many of the delivery principles which underpin the Police and Crime Plan. The force has one of the lowest level of recorded crime and is therefore one of the safest places to live in England and Wales with public trust and confidence remaining high. It is however, recognised that the landscape of policing is forever changing, and that there is still much work ahead to address future challenges whilst addressing the issues identified within the most recent HMICFRS Report.

4. The Organisational Model

- 4.1. 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 table below:

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

- 4.2. For the 2019/20 financial year, the force had a budgeted establishment of 1,149 police officers 148 Police Community Support Officers and 701 police staff. A breakdown of the distribution of staffing is shown in the table below:

Budgeted Positions 2019-20	Police Officers FTE	PCSO FTE	Police Staff FTE	Total FTE
Local Policing	577	148	9	734
Investigations	297	0	159	456
Operational Support (including Call Handling)	166	0	155	321
Criminal Justice	1	0	51	52
Scientific Support	4	0	20	24
Professional Standards	9	0	14	23
Other including Business Support	29	0	265	294
Seconded and Funded Areas	66	0	27	93
Total	1,149	148	700	1,997

- 4.3. 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. New training arrangements have been implemented from March 2019 under the Police Education Qualifications Framework which continues to see intakes of student constables each year with external course providers delivering core elements of their training.

- 4.4. In January 2020, the force welcomed its first cohort of 22 recruits that were appointed under the Home Office Operation Uplift programme which aims to increase the number of Police Officers employed nationally by 20,000 by March 2023. Up to 6,000 Officers needed to be in place by March 2021 and the force has received an allocation of 42 constable positions from the initial allocation announced. A comprehensive programme of recruitment is in place not only to support the additional officers but also to replace officers leaving the service over this period. Despite the challenges posed by the Coronavirus pandemic, the force is on track to deliver against this target. This will see the number of Officers in post increase to 1,181 by this date.
- 4.5. The Commissioner has an Office which supports him to deliver his statutory responsibilities as set out in The Policing Protocol Order 2011. In addition to the statutory roles of Monitoring Officer and Chief Finance Officer, the Commissioner has a team of professionals to advise on matters relating to estates, finance, policy, performance, engagement and partnerships. The Commissioner has a total of 40.4 FTE, which includes 22 within the Estates function which transferred to the Commissioner during 2017.

5. Financial Performance

- 5.1. The Group Statement of Accounts shows the financial performance of the Group and has been prepared on the basis of proper accounting practice which meets the requirements of the 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.
- 5.2. The cost of services included within the Comprehensive Income and Expenditure Statement shows that £129.4 million has been spent on providing policing services to the public of Dyfed-Powys Police in 2019/20 before taking account of the impact of the McCloud / Sargeant ruling on past service pension costs.
- 5.3. The Statement provides an analysis across the main cost components. The components have been amended compared to previous years to reflect financial reporting changes that have been implemented internally during 2019/20 within the force. Prior year figures have been restated for comparative purposes. For example, it can be seen that the largest element was spent on Police Officers which accounted for £64.472 million of the total in 2019/20.
- 5.4. The cost of services before taking into account the impact of the McCloud/Sargeant ruling on past service pension costs is around £8.09 million more than the comparable figure spent in the prior financial year. Of this increase, around £3.40 million is attributable to pay and price inflation and £3.11 million is attributable to an increase in police officer pension contributions. A further £3.19m is due to budgeted increases in agency and contracted payments for national and collaborative services, budgeted increases in police staff, and increases in other non-pay categories including ICT. These increases have been offset by a £1.61m increase in income and grants. The impacts of the McCloud/Sargeant ruling for the office and staff schemes have been separately identified but within the overall cost of service due to their significance.
- 5.5. The Balance Sheet provides a snapshot of the Commissioner's assets and liabilities as at 31 March 2020.
- 5.6. The Group Balance Sheet is dominated by the long term liability of £1,443 million (previously £1,371 million) 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 of 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. This has increased by £72 million during the year predominantly due to changes in financial and demographic assumptions, the impact of the McCloud / Sargeant ruling and the impact of the Coronavirus Pandemic on the value of Local Government Scheme asset valuations. All current and future police (but not staff) pension costs will be paid for by the Government.

- 5.7. The next largest item on the Balance Sheet is the £73.99 million of property, plant & equipment owned by the Commissioner. In addition to these long term assets, the Commissioner held £23.8 million of short term assets which are predominately short term investments.
- 5.8. Short term investments are £7.7 million less at March 2020 (£9.9 million) compared to March 2019 (£17.6 million) however approximately £2.1 million more was being held in cash and equivalents at year end. This was a deliberate measure as a short term response to the impact of the coronavirus pandemic. In addition, the group had significantly more short term debtors compared to the previous year (£+4.5 million - money owed to it) and less creditors (-£1.3 million - money owed by it) at the end of the year which also affected the investment balance position. The total movement on useable reserves was a reduction of £1.641 million.
- 5.9. Further details and breakdowns in respect of Balance Sheet items are included in the notes to the accounts.

Financial Performance and Variance Analysis 2019/20

- 5.10. The Police and Crime Commissioner set a budget of £105.595 million as a Revenue Budget for the financial year 2019/20 which incorporated a use of reserves of £0.981 million as well as financial savings of £2.932 million which were deducted from baseline budgets. These cashable savings were to be delivered across a number of initiatives including workforce structures, collaborative arrangements, ICT developments, income generation and significant reductions in non-pay spending delivered through procurement and other cost reduction initiatives.
- 5.11. The budget incorporated a 2% pay award assumption for officers and staff and a 2% increase in general inflation on non-pay costs. This assumption proved to be challenging with a pay increase of 2.5% being approved by the Home Secretary for Police Officers and a 2.5% increase being agreed for Police staff later in the year. The 2019/20 financial year also saw the implementation the police officer pension valuation outcome which increased employer pension contributions for officers from 24.2% in 2018/19 to 31% in 2019/20, albeit that a new specific grant was allocated to mitigate approximately half of the additional costs.
- 5.12. Of the total budget, £99.6 million was set as the budget for the Chief Constable. This takes account of a sum of £1.302 million that was paid by Home Office as a specific pension grant to partly offset the cost increases referred to above.
- 5.13. Having recognised the scale of the financial challenges that the force was facing, the Chief Constable established a Finance Gold Group during 2018/19. This Gold Group continued until late 2019 being chaired by the Chief Constable and attended by all senior managers to ensure that there was a very clear and co-ordinated approach to financial management and understanding across the organisation. The work of this group has now been fully subsumed

into the revised governance arrangements with the newly formed Finance, Efficiencies and Futures Board.

5.14. Four specific sub groups were established and these continue to operate with focused representation:

- **medium term financial plan** to consider use of reserves, efficiencies, future funding and resourcing levels
- **overtime** to critically review arrangements and requirements
- **procurement** to critically review arrangements and spend for contracts and supplies & services
- **Income generation** to seek and maximise opportunities.

5.15. The following table sets out the final out-turn position for 2019/20 and compares this to the original budget. A revised budget is also shown in this variation statement that reflects additional budgets and movements approved during the year. Virements are processed during the year to ensure that the budget is updated on a timely basis. The changes to the budget referred to below were updated and reported at the monthly Policing Board meetings and quarterly public Police Accountability Boards held thorough the year.

POLICE AND CRIME COMMISSIONER FOR DYFED-POWYS

Variation Statement Budget Holder	Original Budget £'000	Revised Budget £'000	Actual £'000	Variance (Positive for Saving) £'000
Police and Crime Commissioner				
Office and Commissioning Costs	1,983	1,945	1,898	47
Estates Costs	3,994	3,994	4,078	-84
Transfer From Reserves	0	0	-25	25
Total Commissioner Revenue Budget Costs	5,977	5,939	5,951	-12
Chief Constable				
Police Pay and Allowances	62,667	62,665	62,334	331
Police Officer Overtime	1,712	1,712	1,499	213
Bank Holidays	625	625	622	3
Police Staff Pay and Allowances	27,817	27,870	27,908	-38
Police Staff Overtime	196	141	98	43
Pension Costs	1,609	1,609	1,647	-38
Recruitment and Training	1,053	1,021	1,232	-211
Other Non-Pay Costs	8,868	9,448	9,257	191
Telephone Analysis and Forensics	1,976	2,107	2,174	-67
Collaboration Payments	3,309	3,321	2,990	331
Grants	-6,658	-6,136	-6,371	235
Income	-2,052	-3,069	-3,460	391
Capital Financing	776	842	911	-69
Reserves	-981	-1,012	-1,460	448
Recharges	0	-190	-226	36
Total Departmental Budgets - Force	100,917	100,954	99,155	1,799
Holding Account - Go Safe	0	0	400	-400
Go Safe - Transfer from Reserves	0	0	-400	400
Other Holding Accounts	3	4	-1	5
Pensions Grant – Specific	-1,302	-1,302	-1,302	0
Total Budget – Force	99,618	99,656	97,852	1,804
Net Spending by Force and Commissioner	105,595	105,595	103,803	1,792
Movements in Reserves and Capital Financing	0	0	0	0
Capital Reserve Utilised in year	-3,150	-1,548	-822	-726
Capital Reserve - Direct Revenue Financing	3,150	1,548	822	726
Reduction in Planned Revenue Reserves Use	0	0	416	-416
Earmarked Reserve Creation - COVID - 19	0	0	650	-650
Non Enhancing Spending funded by Revenue	0	0	191	-191
Direct Revenue Financing to Reduce Borrowing	0	0	535	-535
Total Revenue Reserves Movements	0	0	1,792	-1,792
Total Budget	105,595	105,595	105,595	0

- 5.16. The final outturn position highlighted within the Variation Statement above demonstrate that the Commissioner's Revenue budget was more or less on target overall, being slightly over by £12k. Within this figure, additional pressures relating to utility costs and facilities management resulted in an overspend of £84k in respect of Estates but this was offset by prudent financial management to contain expenditure and police staff savings of £47k within the Commissioner's Office and Commissioning. A net transfer from earmarked reserves of £25K supported the Commissioners priorities during the year.
- 5.17. The Variation Statement above shows that the Chief Constable costs overall were £1,804k below the revised budget for the year. An explanation of the main reasons for the more material variances in budget for 2019/20 is provided below:
- i. Police Officers Pay and Allowances: In total, this budget was underspent by £331k at the end of the year. Vacancies, earlier retirement and transfers of police officers have largely offset the additional cost impact of the 2.5% pay award that became payable from September 2019. This increase was 0.5% higher than the 2% allowed for in the budget.
 - ii. Police Officer and Staff Overtime: Overtime spending has been constrained well within the budget for the year despite some fairly significant major incident activity over the course of the year. The work undertaken by the Overtime Group has been instrumental in delivering savings of £213k and £43k against the overtime headings for police officers and staff respectively.
 - iii. Police Officer Bank Holiday and Allowances Headings: These headings have been well managed and were largely on budget for the year with savings of £3k being recorded in respect of Bank Holiday working.
 - iv. Police Staff Pay and Allowances: These were slightly over by £38k on budget as a result of additional on-call payments and some historic staff regradings.
 - v. Police Officer Pension Costs: Pension payments were slightly over budget by £38k as a result of decisions around permanence and injury awards that were taken in March on medical grounds.
 - vi. Recruitment and Training: The force overspent against the budget by £211k against these headings. Additional costs were incurred in recruiting, assessment and training in support of the Operation Uplift Programme during the year. An additional tranche of 22 officers was recruited in January in support of the National initiative to increase officer numbers by 20,000 by March 2023 and 6,000 by March 2021. These additional costs were offset to some extent by an additional Grant of £203k (see below).
 - vii. Other Non-Pay Costs: A saving of £191k is recorded against this heading. The procurements that were planned in relation to a Digital Media System (£160k) and the purchase of new fridges for crime exhibit purposes (£47k) were deferred into the 2020/21 financial year due to delivery and procurement issues.
 - viii. Telephone Analysis and Forensics: Restrictions in relation to Digital Forensics and Scientific Support Forensic procurement which were expected to result in savings against these budgets have been cancelled out by additional costs incurred in relation to specific operational activity at year end leaving a small overspend of £67k at year end.
 - ix. Agency and Collaboration Payments: The over spend that was projected in relation to collaboration payments in respect of the Regional Organised Crime Unit did not materialise and an under spend was experienced against funding set aside for the Joint Firearms Unit resulting in a net underspend of £331k overall against all agency

headings. In addition some staffing changes were implemented during the year that reduced the net costs of the central collaboration team.

- x. Grants: Grant headings were largely on target over the course of the year overall. As noted above, the force did receive additional grant funding of £203k in the year in respect of the Operation Uplift Programme which it had not budgeted for which accounts for the majority of the variance of £235k overall.
- xi. Income: The force received an additional £391k against the budgeted amount by year end which did reverse the trend reported over the year which was projecting a shortfall. The income shortfalls predicted in respect of interest receipts, firearms licensing, prosecution cost income and mutual aid receipts all ended up lower than was prudently feared. The force also received notification in March 2020 that the Home Office has provided an additional £1 million of funding to South Wales Police in order to cover the costs of the PEQF (Policing Education Qualifications Framework) Programme in lieu of Apprenticeship contributions. Following the submission of a claim Dyfed-Powys Police has been awarded £250k for 2019/20.
- xii. Capital Financing: The Table above shows a net overspend of £69k against capital financing charges at the end of the financial year. A sum of £120k was saved against this budget in relation to debt repayment and interest charges as a result of the decision not to borrow in the year due to capital spending slippage and in lieu of the overall spending position against budget. In addition, a transfer from earmarked reserves of £403k was approved by the Commissioner in support of a number of eligible capital funding schemes during the year which included the purchase of additional vehicles and in car-video equipment.
- xiii. Transfer from Reserves: Alongside the planned utilisation of the specific reserve to support the revenue budget, the Finance Department actioned a number of transfers from Specific Earmarked Reserves and funds for amounts that had been approved by the Commissioner in respect of a number of linked capital and revenue schemes and activities as noted above. In total the transfer from reserves was £448k higher than that set aside in the revised budget.

- 5.18 The force budget also incorporates self-balancing holding accounts in respect of Go Safe, Driver Retraining, collaboration funded posts and Secondments. These were largely on target compared to the budget. A transfer from reserves of £400k was required to offset the costs of the Go Safe Scheme which was funded from a Specific Reserve being held on behalf of Go Safe to support its future activities in respect of capital and revenue.
- 5.19 Generally, the year-end position is very positive which would appear to be welcomed given the scale of financial challenges that await in relation to ongoing Coronavirus related activity and costs in 2020/21 and the future financial challenges that wait in its wake in the Comprehensive Spending Review and from Operational uplift and formula funding considerations. The force has exercised considerable financial restraint and prudence over the year despite some considerable operational and financial challenges including higher than budgeted pay awards. The force has also made considerable progress in relation Operational Uplift, recruiting an additional 22 officers in January 2020 as part of this programme. Operationally and organisationally, the force has continued to perform strongly and has made many improvements as outlined in Section 4.0 above.
- 5.20 The final section of the Table above shows the net movements on reserves and capital financing compared to the budget. Capital spending was down on profile overall which meant that the transfer from the earmarked Capital Reserve was some £726k lower than anticipated.

- 5.21 The Final out-turn position was discussed at the Police Accountability Board meeting that was held on the 11 May 2020. The Policing Board had already considered and accepted a paper that, subject to the final year end position, recommended the creation of a new Covid-19 reserve of £650k, as a prudent and interim measure in the absence of any firm position in relation to national funding. The paper outlined the significant additional costs of both the procurement of Personal Protective Equipment (PPE) and costs incurred in managing the initial policing and organisational response to the Coronavirus pandemic which amounted to £150k for 2019/20. It also attempted to forecast the financial implications on a monthly basis up until September 2020 considering a range of costs, impacts to income along with areas where potential savings may arise. The force took swift steps to ensure appropriate levels of Protective Personal Equipment were available to ensure the safety of the workforce.
- 5.22 At the Police Accountability Board Meeting of the 11 May 2020, it was also agreed that an additional Direct Revenue Transfer be actioned in order to prevent the need for the Commissioner to borrow to fund estates capital spending in 2019/20. This totalled £535k for the year. There was also a need to consider funding non-enhancing expenditure in relation to capital schemes from the revenue budget under proper accounting practice amounting to £191k which would mitigate against future borrowing for ICT projects.
- 5.23 This has left a net reduction in the need to transfer funding from the Earmarked Revenue Reserve of £416k which would be used to offset general budget pressures expected in future years. It was agreed that this position would be reconsidered in the autumn when the picture in relation to national funding to support the Coronavirus pandemic and the financial pressures and implications will hopefully have become clearer.
- 5.24 The final revenue outturn position included a number of transfers to and from reserves as shown in the following table. It can be seen that total reserves have reduced from £16.2 million to £14.6 million during the year a fall of £1.641 million.

Reserve Category	Opening Bal 1/4/19 £'000	Closing Bal 31/3/20 £'000	Net Movement (-ve = Use of Reserve) £'000	Original Budgeted Movement £'000	Difference £'000	Reason
General Reserves	4,032	4,032	0	0	0	No Use of General Reserves budgeted or needed
Total General Reserve	4,032	4,032	0	0	0	
Go Safe Revenue Reserve	531	313	-218	0	-218	Go Save - Utilisation of Reserve in year
Earmarked Revenue Reserve	1,336	774	-562	-977	415	Net contribution from reserves
COVID 19 Reserve	0	650	650	0	650	New Reserve to offset Covid 19 cash flows
Sustainability and Transformation Reser	494	494	0	0	0	No Eligible Spending against this Reserve
Drug Intervention Prog Reserve	135	135	0	-40	40	No Eligible Spending against this Reserve
Driver Retraining Scheme Reserve	1,294	870	-424	-368	-56	Additional allocations Authorised
Incentivisation Revenue Reserve	218	162	-56	-39	-17	Additional allocations Authorised
Collaboration Revenue Reserve	389	262	-127	0	-127	To Meet Eligible Collaoration Spending
Chief Constable Operational Fund	385	485	100	100	0	As budgeted reached threshold of £500K
Total Earmarked Revenue Reserves	4,782	4,145	-637	-1,324	687	
Other Earmarked Capital Reserves	5,785	4,963	-822	-3,150	2,328	
Go Safe Capital Reserve	1,190	1,008	-182	0	-182	Purchase of Vehicles - GO Safe
Earmarked Capital Reserve	6,975	5,971	-1,004	-3,150	2,146	
USEABLE RESERVES SUBTOTAL	15,789	14,148	-1,641	-4,474	2,833	
General Capital Grant	427	427	0	0	0	No Eligible Spending against this Grant
Capital Grants Unapplied	427	427	0	0	0	
TOTAL USEABLE RESERVES	16,216	14,575	-1,641	-4,474	2,833	

- 5.25 The final reserves position for the Commissioner shows a figure of £14.575 million held as at 31 March 2020. This incorporates a sum of £4.964 million to support future capital budget commitments, a general reserve of £4.032 million for unforeseen events and a sum of £0.774 million that is required to fund predicted future MTFP revenue contributions and deficits. This includes a balance of £1.321 million which is held on behalf of the road safety partnership "Go Safe" and £0.262 million being held for regional collaborative arrangements. A number of earmarked reserves are held to support specific projects including reserves to support sustainability and transformational projects of £0.494 million, an operational fund of £0.485 million to assist the force in dealing with peaks and troughs in operational activity. A new reserve of £0.650 million has been created to meet additional Covid-19 related PPE and other costs as an interim measure until picture on National Funding for 2020/21 and on future settlements becomes clearer.
- 5.26 In relation to Capital Spending, the Commissioner set an original budget of £8.617 million in January 2019 for the financial year 2019/20 which was reduced to £5.977 million in January 2020. Since this time, the force has been able to secure additional funding of £1.050 million which takes the final budget to £7.026 million as shown in the Table below.
- 5.27 The additional funding incorporates a grant of £0.349 million for force wide Video Conferencing facilities for victims funded by Welsh Government to support Violence against Women, Domestic Abuse and Sexual Violence activities with partners. Additional funding has also been provided to purchase of additional vehicles for the force and the Go Safe Partnership as well as to fund capital asset enhancements at the Ports.
- 5.28 The budget was funded from grants, capital receipts (sales of assets), earmarked reserves and prudential borrowing. In total a sum of £5.124 million has been spent by the end of the financial year. A summary of the final spending and funding position against budget is shown in the Table below:

	Original Budget 2019/20	Revised Budget Panel	Actual Spending 2019/20	Difference	Reason
	£'000	£'000	£'000	£'000	
Capitalised Expenditure					
Estates Programme	4,250	1,365	520	845	Non Enhancing Spending (£190K) to Revalue and scheme slippage
Vehicles	962	1,035	939	96	Delivery of Some vehicles delayed into 2020/21
ICT Major Projects	1,850	1,755	1,437	318	Records Management System (£164K) and various smaller projects
Recurring ICT Device Replacements	1,136	1,217	1,085	132	ESN Replacement equipment and server replacements
Other Capital Equipment Replacements	420	605	230	375	ANPR (£165K) and Cyber /Other Capitalised Equipment
	8,618	5,977	4,211	1,766	
Self Financing / Own Revenue Financing Project	0	1,050	913	137	Video Conferencing (£92K) and numerous minor variances
	8,618	7,027	5,124	1,903	
Financing					
Capital Grant	-325	-328	-325	-3	On Target
Direct Revenue Financing	-500	-500	-500	0	On Target
Capital Receipts - Buildings & Vehicles	-150	-1,787	-1,788	1	On Target
Reserves - Allocations Agreed in year	-243	-243	-243	0	On Target
Capital Reserve Utilised	-3,150	-1,584	-822	-762	Lower Reserve Utilisation due to scheme slippage
Sustainability Fund	0	-170	0	-170	Schemes Planned in 2020/21
Prudential Borrowing	-4,250	-1,365	0	-1,365	No Borrowing needed in 2019/20
Additional DRF to Negate Borrowing	0	0	-533	533	To Negate Borrowing
	-8,618	-5,977	-4,211	-1,766	
Self Financing / Own Revenue Financing Project	0	-1,050	-913	-137	Grants and funding carried over into 2020/21
	-8,618	-7,027	-5,124	-1,903	

- 5.29 The Table above shows the main variations against the Capital Programme over the year. Difficulties in relation to the suitability of the proposed site for the Carmarthenshire Custody Project have resulted in a delay in this Project and resulted in some aborted costs that have been charged to the revenue budget. In addition, some other non-enhancing spending such as project management costs and smaller works have also needed to be charged to revenue under proper accounting practice. There has also been some slippage experienced against a number of minor projects being overseen by the Strategic Estates Group for which funding will need to be carried over into the next financial year.
- 5.30 There was an underspend against vehicle purchase budgets of £96k at year-end attributable to longer lead times associated with delivery. There was also an underspend experienced in relation to some more minor ICT projects and equipment replacements. The force is replacing its Records Management System and an underspend of £164k was experienced against this budget heading. The project timescales of go live in October 2021 remain on target despite difficulties being experienced in relation to the Coronavirus Pandemic in March, April and May 2020. There were also savings against equipment purchases and replacements such as ANPR, body worn video, airwave set replacements, cyber-crime equipment and other equipment items as a result.
- 5.31 In terms of capital financing, the slippage in spending has meant that the Commissioner has not needed to borrow in the current financial year as was anticipated. The transfer from reserves was also lower as a result. It can be seen that the transfer from the earmarked capital reserve is £0.822 million against a budget of £1.584 million. Prudential borrowing shown in the Table above is nil compared to an original budget of £4.250 million predominantly due to the slippage on the Carmarthenshire Custody Project. Given the positive position in relation to the revenue budget it was considered prudent for the Commissioner not to borrow at all in 2019/20 but instead to action an additional Direct Revenue Transfer of £0.535 million in order to avoid debt charges falling on the 2020/21 and future financial years as an additional cost.
- 5.32 Further work will be needed to determine whether any unspent budgets are carried over along with appropriate funding into the 2020/21 financial year in due course.

6 Risks, Opportunities and the Medium Term Financial Outlook.

- 6.1 Risks are managed at all levels of the organisations 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. The Risk Register is a live document which is updated at least weekly. The main risks that remaining outstanding at the end of 2019/20 include:
- Crime Recording and HMICFRS cause for concern
 - PNC – time delays and data accuracy and integrity
 - PND and Information Assets – inconsistency of data sets
 - Financial resilience and attainment of savings plan Governance and financial controls in respect of Collaborative activities
 - Sustainability of external forensics markets
 - A specific risk register has been established to consider risks arising from the Coronavirus pandemic

- 6.2 The Risk Register is monitored regularly in order to ensure that risks are allocated an owner responsible for applying appropriate mitigations. Further details in relation to risk management are included in the Joint Annual Governance Statement which is included as part of this document.
- 6.3 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 continual changes in the demand for policing services.
- 6.4 In September 2019, the Government declared that it had “turned the page on austerity” with the Chancellor outing a commitment to tackling crime and keeping people safe. This included funding for a 6,000 additional police officers across England and Wales as part of a wider commitment to recruit an additional 20,000 officers. The Home Office announced the initial allocations of Operation Uplift on the 9 October 2019, resulting in 42 additional officers for Dyfed-Powys. There has not yet been any indication of the second tranche of additional officers.
- 6.5 In outlining the settlements both the Home Secretary and Policing Minister recognised the productive engagement they had had with the service which had allowed for a clearer picture of the changing nature of demands and the capabilities needed to respond robustly to the challenges. They also paid tribute to police forces and police staff around the country for their exceptional bravery, dedication and hard work and outlined a determination to give the service the resources it needed to crack down on crime, deal robustly with the criminals exploiting the vulnerable and to improve outcomes for the victims of crime.
- 6.6 The 2020/21 grant settlement for Dyfed-Powys was £56.617m being £4.967m higher than 2019/20. This settlement included the continuation of specific grant of £1.302m which was introduced to partly mitigate pressures arising from the changes to the employer’s contribution rate for Police Officer pensions. The settlement also includes an increase in core funding of £3.768m along with a specific ring-fenced grant of £1.190 million to support the recruitment and infrastructure costs of the additional officers. The settlement also reflected a significant reduction in the allocation of capital grant from £325k to £85k.
- 6.7 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 2020/21 and Medium Term Financial Plan 2025/26 to the Dyfed-Powys Police and Crime Panel on 7 February 2020. This process included a number of seminars and presentations to the Commissioner, his staff, the Force Executive Board, Audit Wales (formerly known as Wales Audit Office) representatives, Joint Audit Committee, and Police and Crime Panel Members.
- 6.8 The Commissioners proposal was unanimously supported which raised the average band D property precept by £12 to £260.56, a 4.83% increase raising a total precept of £58.793m. This will provide a total of central and local funding of £115.402m representing a 7.96% increase on funding levels in 2019/20.
- 6.9 This, once again, sees Dyfed-Powys with the lowest council tax precept in Wales of £260.56 compared with £272.71 in South Wales, £273.39 in Gwent and £290.61 in North Wales. It is also worth highlighting that Dyfed-Powys has had the fourth lowest council tax precept increases across England and Wales since 2012/13.
- 6.10 The MTFP includes assumptions of 5% year on year increases in precept and incorporates an assumption of 2.25% growth in pay and inflationary pressures from 2021/22 onwards

modelling known growth and cost increase pressures and potential loss of specific grants. In addition, the continued reduction in the annual contribution from reserves and an incremental increase in contribution to capital financing and charges to support the forward Capital Programme have been included. Further additional spending on a number of national, regional and local priorities along with the additional costs arising from changes to police pensions have been included.

- 6.11 The force continues to identify efficiency measures and has a cost reduction plan which is aiming to capitalise on national, regional and local initiatives including the National Commercial Board, Police ICT Company and All Wales Collaboration activities. This plan assumes reshaping of the workforce and cost base through efficiency and productivity but this needs to continue to develop to enable the Commissioner and force to set a balanced and funded medium term financial position for both revenue and capital whilst protecting the standard of service for the communities of Dyfed-Powys.

MEDIUM TERM FINANCIAL PLAN – REVENUE	20-21 £M	21-22 £M	22-23 £M	23-24 £M	24-25 £M	25-26 £M
Central and Local Funding						
Predicted Central Funding**	-56.6	-57.7	-58.8	-59.9	-61.0	-62.2
Local Precept	-58.8	-62.2	-65.9	-69.7	-73.8	-78.1
Total Funding	-115.4	-119.9	-124.7	-129.6	-134.8	-140.3
Revenue Spending	116.7	121.6	126.8	131.9	136.5	141.8
Revenue Spending	116.7	121.6	126.8	131.9	136.5	141.8
Future Cost Reduction Plan						
Pay Related	-0.1	-0.1	-0.1	-0.1	-0.1	
Procurement/ Income generation	-0.7	-0.2	-0.2	-0.1	-0.1	-0.1
Financial Management	-0.1					
Sustainability Projects/ Assets	-0.3	-0.3	-0.2	-0.1		
Productivity Improvements	-0.1	-0.4	-0.4	-0.5	-0.1	-0.1
Annual Planned Reductions	-1.3	-1.0	-0.9	-0.8	-0.3	-0.2
Planned Net Spending	115.4	120.6	125.9	131.1	136.2	141.6
Future deficits	0.0	0.7	1.2	1.5	1.4	1.3

** includes specific grants for pensions and operation uplift

- 6.12 The Commissioner set a capital programme for 2020/21 to 2024/25 of £69.469 million which includes investment in Estates, Fleet and ICT infrastructure for both local 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.
- 6.13 There has been a significant reduction in core capital funding allocated by the Home office over recent years and for 2020/21 this has been reduced from £325k to only £85k. The capital programme sees the depletion of capital reserves and includes external borrowing requirements of £49.1 million. The majority 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 the new training facility for the Joint Firearms Unit. In order to meet future capital

investment requirements and mitigate the reductions in capital grant funding, the MTFP and capital programme includes increasing revenue contributions to capital.

- 6.14 The Commissioner considers his Capital Strategy annually and also assesses his borrowing requirements annually to ensure they are prudent, sustainable and affordable. These documents are available on the website of the Police and Crime Commissioner.
- <http://www.dyfedpowys-pcc.org.uk/media/9401/capital-strategy-website.pdf>
- 6.15 The Capital Programme will be revised to reflect the final outturn position for 2019/20 and will be kept under review as part of the ongoing work to reassess the Medium Term Financial Plan.
- 6.16 The Commissioner considers and publishes an annual reserves strategy which underpins the MTFP and its assessment of risk exposure and mitigation measures. The Reserves strategy considers the adequacy of general reserves and takes account of the strategic, operational and financial risks facing Dyfed-Powys. These considerations also take cognisance of Home Office guidance on Police Reserves. The Reserves Strategy is shown at:
- <http://www.dyfedpowys-pcc.org.uk/media/9089/20-21-reserves-strategy.pdf>
- 6.17 The force submitted its third Force Management Statement to Her Majesty's Inspectorate of Constabularies and Fire and Rescue Services which comprehensively sets out the main operational and business support challenges that the force is facing. This considers the capability and capacity of the force in the context of dealing with current and future demand. In summary the document points to challenges which largely mirror those areas already identified in the Risk Register but also highlights challenges in relation to vulnerability, domestic abuse and violent / sexual offending in terms of anticipated future demands. The next Force Management Statement is currently planned for submission in autumn 2020 which will allow for improved alignment with Medium term financial planning considerations.
- 6.18 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 including:
- Police Pension Legal Challenge - Career Average Revalued Earnings
 - Undercover Policing Inquiry
 - Dedicated Source Handling Unit On-Call Allowance Claims
 - A claim relating to Police Staff Allowances relating to concurrency
- 6.19 The Government has now announced the much awaited Comprehensive Spending Review (CSR) which will set out spending plans for a three year period. The financial implications of the Coronavirus pandemic and its impact on the wider economy are extensive which gives rise to additional financial uncertainty in relation to a number of elements of funding and indeed, the Chancellor has already indicated that tough choices lay ahead. The APCC and NPCC continue to work closely with the Home Office and wider policing partners to develop co-ordinated law enforcement submissions aimed at facilitating spending considerations.
- 6.20 The pension liability shown in the Balance Sheet and the cost movement for the year included in this Comprehensive Income and Expenditure Statement take account of the potential implications of the McCloud and Sargeant judgement by the Court of Appeal ruling that the Government's 2015 Public Sector Pension Reforms unlawfully treated people differently based upon age at 1st April 2012. This impacts both the Police Officer and Police Staff (Local

Government) pension schemes. Although it may well take until 2021 for a final remedy to be determined, an actuarial estimation of the financial impact has been included as a past service cost. In respect of the Local Government Pension Scheme, the Employer's Contribution rate was increased by 1.2% from April 2020 to take account of the anticipated additional costs as part of the 2019 pension valuation. In relation to Police Officers, the valuation process is being initiated in 2020 however changes to the Police officer pension employer's rate will not be implemented until 2023/24.

- 6.21 The position on the Formula Funding Review is also uncertain however it is understood that the Home Office may look to implement changes to formula after the CSR. The impact of the last unimplemented review would have resulted in £8 million less for Dyfed-Powys.
- 6.22 As outlined previously, there has been much independent commentary over the recent years and months in relation to Police sustainability, funding, resilience and increased burdens which highlight the precarious position that Dyfed-Powys, the police service, public services and the country face as a whole.

7. Coronavirus Pandemic Response and Implications

- 7.1 As outlined in the introduction, early 2020 saw the developing national emergency arising from the Coronavirus pandemic. The response to this has been unprecedented amongst the public sector as a whole and specifically to policing as it adapted quickly to enforcing the changing UK and Welsh legislation whilst maintaining service delivery and protecting its workforce.
- 7.2 Dyfed-Powys took a range of early steps to ensure that it was well prepared to respond at a local, regional and national level. The governance arrangements established were significant and wide ranging to ensure that all aspects of operational and organisational performance and that service delivery was optimal and dynamic to respond appropriately to the evolving position, with the health and wellbeing of the workforce being absolutely paramount. The Gold, Silver and Bronze command structures work in tandem with a Strategic Command Group, Tactical Command Group and the Local Resilience Forum the governance arrangements are further outlined within the Annual Governance Statement. Appropriate governance groups have included OPCC representations to continue to facilitate oversight and scrutiny.
- 7.3 The safety and well-being of the workforce have been absolutely paramount in the policing response, with various phases of workforce deployment being utilised as the emergency evolved. A considerable number of key initial steps were taken to ensure business continuity, resilience and critical service delivery. A few examples include the Force Contact Centre being split between two sites, significant numbers of non-frontline staff working from home, reprioritising and allocation of IT to essential roles, resources being pooled to ensure service delivery and ways of working for both frontline and back office functions being adapted with both internal and external meetings being held electronically and training being delivered on-line. Many staff continue to work from home with some now back in the workplace with appropriate social distancing arrangements firmly in place. These arrangements have accelerated the forces agile working project.
- 7.4 The impact of the Coronavirus on resource levels has been monitored carefully across the organisation, with the Force Contact Centre being the only part of the organisation to fall from a green status to amber for a limited period of time when numbers of staff self-isolating

peaked at 14%. Workforce abstractions have now returned to an average level of 5% which is around 1% higher than average and it is pleasing to see that these have been much lower than the national averages across policing.

- 7.5 Overcoming the challenges that all sectors across the UK face with the supply of Public Protective Equipment (PPE) has required the force to adopt emergency procurement procedures to source such equipment in a timely manner. To date, the force has been able to maintain appropriate levels to ensure the safety and protection of the workforce. Procurement professionals have continued to work with service leads to assess and monitor the necessary supply chains and supplier base to ensure all aspects of service delivery. There have been some national pressures within the forensic market and these have mitigated as and when necessary.
- 7.6 In terms of demand, and in line with all other forces, Dyfed-Powys has experienced a statistically significant decrease in reported crimes. However, reports incidents of Anti-Social Behaviour have increased exponentially, primarily resulting from reports of breaches of lock down rules. To date, the ability to respond to these reports is good. The force has also been proactive in dealing with the non-essential travel issues of people wishing to travel to enjoy the force area and those wishing to visit second homes within the area. A specific operation was also run to proactively warn against potential mass gatherings during the period of national lockdown.
- 7.7 In addition, the force, in line with best practice, has established an Organisational Learning and Recovery Cell to plan and to deal with the aftermath of the pandemic. This will encompass any lessons learned, working practices to be maintained, prioritise and plan for the resumption of strategic projects and on-going staff welfare considerations.
- 7.8 In terms of initial financial implications, the force needed to commit to significant additional costs in sourcing PPE for front line Officers and staff, issuing additional uniform, additional overtime, ICT equipment, cleaning and testing. As the organisational position continues to evolve, alongside these additional costs there are a number of areas where some savings are being both realised and anticipated but also some losses in income receipts for a number of activities and services. All aspects of costs and savings are being logged and indeed reported nationally to inform discussions and negotiations in relation to future funding.
- 7.9 A number of avenues are being pursued at a local and national level, but there have yet to be any firm indications from Government in relation to additional funding towards for policing, albeit that some flexibilities have been afforded in relation to the specific grant for Operation Uplift. Given these uncertainties, and as referenced in the outturn position, the Commissioner has sought to establish an earmarked reserve at year end to assist with the partial mitigation of the financial implications whilst the national picture becomes clearer. This position will be reviewed in the autumn, or as information becomes available.
- 7.10 In terms of valuations used within this Statement of Accounts, it is also important to note the impact of the pandemic on the global financial markets with activity being impacted in many sectors. As at the valuation dates, the Estate values consider that they can attach less weight to previous market evidence and the valuations are therefore reported on the basis of 'material valuation uncertainty'. They have recommended that the valuation properties be kept under frequent review.
- 7.11 The Valuation of the Pension Schemes for Officers and Staff have been conducted by Mercer and this provides an independent expert assessment of the present value of future pension

liabilities and assets as at the 31st of March 2020. Changes in the valuations over the course of the year are reflected in the cost of service reported in the Comprehensive Income and Expenditure Statement under proper accounting practice.

- 7.12 In a newsletter dated 31st of March 2020, Mercer confirmed that actuarial assumptions were set shortly after the year end – which meant that the impact of the market turmoil that accompanied the Covid-19 pandemic has been incorporated. In March 2020 there have been substantial falls in equity markets that has affected the value of Assets held under the funded Local Government Pension Scheme. As an unfunded scheme, this does not affect the Police Pension Scheme.
- 7.13 Over the same month, the market falls have also extended to corporate bond yields with AA bond yields rising by around 0.5% per annum. The discount rate used in the calculations have reduced from 2.5% for 2018/19 to 2.3% in 2019/20 which reflects the market conditions as at 31st of March 2020 which will have increased the liability for both the Police Officer and Staff pension schemes. These assumptions are referred to in more detail in the detailed pension note.
- 7.14 In a newsletter issued by Carmarthenshire County Council (our pension administrators) on the impact of the Pandemic it was reported that asset values for its schemes had fallen by around 14% between December 2019 and March 2020. The full longer term financial impact of this on contribution rates will not be felt on budgets until the next valuation date i.e. 2023. In the short term, it is estimated that the ratio of assets to costs will have reduced from 100% to around 90% to 95% based upon the latest Local Government Pension Fund newsletter.
- 7.15 The Commissioner and Chief Constable held a briefing session at the end of April for Joint Audit Committee members specifically relating to response and issues associated to the Coronavirus pandemic. This provided an overview of the governance arrangements, national context, associated risks, financial implications and both internal and external audit considerations.
- 7.16 Work will continue to assess the financial implications for both 2020/21 and beyond, but this will take some time to crystallise both in terms of the local issues and impact but also within the wider economic landscape. The scale of Governments economic interventions has been vast and this will undoubtedly have significant implications for public services and funding.
- 7.17 Both the Chief Constable and Commissioner have continued to proactively engage with both UK and Welsh Government, with Commissioner also doing so in his pivotal role as Chair of Policing in Wales. The Commissioner has weekly meetings with the Welsh Government Deputy First Minister and Chief Whip and also attends weekly meetings with the UK Government Policing Minister. During such meetings, he has taken the opportunity to lobby in relation to key areas of concern for Dyfed-Powys Police as well as policing in Wales in the wider sense, for example in relation to testing for police officers and staff. Furthermore, close contact has been maintained throughout with local Members of the Senedd and Members of Parliament, and a briefing session has been hosted by the Chief Constable and Commissioner for elected representatives, where discussions included the issue of community tensions surrounding second homes, and what constitutes essential travel. This gave the Chief Constable and Commissioner an opportunity to provide clear guidance on how officers were enforcing the legislation.
- 7.18 The Medium Term Financial Plan for 2020/21 and its associated plans and strategies, which were approved in February 2020 will be reconsidered in light of these wider implications with

a particular focus on financial resilience and sustainability. The creation of the specific earmarked Covid19 reserve and the reduction in the planned utilisation of revenue reserves to support the 2019/20 budget undoubtedly assist in mitigating some of the financial implications but there are clearly now a range of uncertainties and complexities regarding future government funding, comprehensive spending review, funding formula review, impacts for tax base, market conditions for the supply of goods and services, ability to meet planned efficiencies, impact on national projects and initiatives along with potential changes to policing services generally which will all need careful consideration.

8 Basis of Preparation and Presentation

- 8.1 These are the eighth 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.
- 8.2 The Accounts and Audit (Wales) Regulations 2015 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.
- 8.3 The following is an explanation of the statements that follow, their purpose and the relationship between them:
- **Independent Auditor's Report** - this sets out the opinion of the external auditor, the Auditor General for Wales, on whether the Group accounts presented give a 'true and fair view' of the financial position and operations of the Commissioner for 2019/20;
 - **Statement of Responsibilities for the Statement of Accounts** - this statement sets out the responsibilities of the Commissioner and his Chief Finance Officer;
 - **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 actually 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 Commissioner owns the land, buildings and other assets used by the force. The net assets (assets less liabilities) are matched by the usable and unusable reserves;
 - **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 and sets out the Accounting Policies used as the basis of preparing the financial statements as required by the Code of Practice;
 - **Movement in Reserves Statement** - this statement shows the movement in the year on the reserves held by the Group, analysed into usable reserves (monies which can be applied to fund capital expenditure or to reduce local taxation) and unusable reserves

(monies that cannot be used to provide services and exist through the application of accounting standards, for example, the pensions reserves which match the pension liability);

- **Cash Flow Statement** - this statement summarises changes to cash and cash equivalents during the reporting period;
- **Expenditure and Funding Analysis** - this statement shows how annual expenditure is used and funded by the Group from resources as reported by management, split across directorates and services in comparison with those resources consumed or earned by the Group reported in accordance with generally accepted accounting practices;
- **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;
- **A Joint Annual Governance Statement** is included within this Statement of Accounts that 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 a combined statement has been produced for 2019/20 which 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 also provides assurance on the systems of internal control.

Statement of Responsibilities

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

The Commissioner's responsibilities

The Commissioner is required to:

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

I approve the Statement of Accounts for financial year 2019/20.



Police and Crime Commissioner for Dyfed-Powys

Date: 2nd September 2020

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 this 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 Group/Commissioner at the reporting date and of its expenditure and income for the year ended 31 March 2020.



Chief Finance Officer

Date: 2nd September 2020

The independent auditor's report of the Auditor General for Wales to the Police and Crime Commissioner for Dyfed Powys

[Report on the audit of the financial statements](#)

[Opinion](#)

I have audited the financial statements of:

- Police and Crime Commissioner for Dyfed Powys;
- Dyfed Powys Police Pension Fund; and
- Police and Crime Commissioner for Dyfed Powys Police Group

for the year ended 31 March 2020 under the Public Audit (Wales) Act 2004.

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

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

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

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial position of the Police and Crime Commissioner for Dyfed Powys; the Dyfed Powys Police Pension Fund; and the Police and Crime Commissioner for Dyfed Powys Police Group as at 31 March 2020 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20.

Basis for opinion

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

Emphasis of Matter: Valuation Uncertainty

I draw attention to Note 5 to the financial statements, which describes a material valuation uncertainty clause in the valuation report on certain property items arising from circumstances caused by the COVID-19 pandemic. My opinion is not modified in respect of this matter.

Emphasis of Matter: Pension Fund Valuation Uncertainty

I draw attention to Note 35 of the financial statements, which describes the impact of a material uncertainty disclosed in a pension fund manager report in their year-end valuation report for the UK property fund they manage on behalf of the Dyfed Pension Fund. The Council has disclosed this material uncertainty and my audit opinion is not modified in respect of this matter.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Police and Crime Commissioner for Dyfed Powys or the Police and Crime Commissioner for Dyfed Powys Police Group's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

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

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

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 2019-20; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the 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 Police and Crime Commissioner for Dyfed Powys, the Dyfed Powys Police Pension Fund and the Police and Crime Commissioner for Dyfed Powys Police Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement.

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

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Certificate of completion of audit

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

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 34, the responsible financial officer is responsible for the preparation of the statement of accounts, including the Police and Crime Commissioner for Dyfed Powys Police Group's financial statements and Dyfed Powys Police Pension Fund's financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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.



Anthony J Barrett

For and on behalf of the Auditor General for Wales

3 September 2020

24 Cathedral Road

Cardiff

CF11 9LJ

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

Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded by the Group from resources (government grants, rents and council tax) in comparison with those resources consumed or earned by the Group in accordance with generally accepted accounting practices. Income and Expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. The 2018/19 Statement has been restated to reflect changes made to Reporting Arrangements. Please refer to Note 2 'Previous Period Adjustments' for an explanation of these changes.

Expenditure & Funding Analysis 2019/20	Net Expenditure Chargeable to the General Fund £'000	Adjustments (please refer to Note 7 for details) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Police Officer Pay	63,969	503	64,472
Police Officer Overtime	2,272	0	2,272
Police Officer Pensions	1,646	14,716	16,362
Police Staff Pay	30,265	554	30,819
Police Staff Overtime	108	0	108
Police Staff Pensions	0	4,977	4,977
Other Employee Related Costs	1,271	(31)	1,240
Premises Costs	4,427	(320)	4,107
Transport Costs	1,983	(54)	1,929
Supplies & Services	10,570	(162)	10,408
Agency & Contracted Services	5,387	(110)	5,277
Capital Financing Costs	2,504	1,893	4,397
Grants	(8,270)	737	(7,533)
Other Income	(8,896)	(531)	(9,427)
Net Cost of Services (before McCloud)	107,236	22,172	129,408
Police Officer Pensions - Potential Impact of Police Pension Legal Challenge (McCloud)	0	5,145	5,145
Police Staff Pensions - Potential Impact Legal Challenge (McCloud)	0	561	561
Net Cost of Services	107,236	27,878	135,114
Other Income and Expenditure	(105,595)	16,192	(89,403)
Surplus/(Deficit) (Before Reserve Transfers)	1,641	44,070	45,711
Transfers from Earmarked Reserves	(1,641)		
Surplus or Deficit for the Year	0		
Opening General Fund Balance as at 1 April 2019	(4,032)		
Less Deficit on General Fund Balance in Year	0		
Closing General Fund Balance as at March 2020	(4,032)		

Expenditure & Funding Analysis 2018/19 (Restated)	Net Expenditure Chargeable to the General Fund £'000	Adjustments (please refer to Note 7 for details) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Police Officer Pay	62,447	(211)	62,236
Police Officer Overtime	2,469	0	2,469
Police Officer Pensions	1,375	12,803	14,178
Police Staff Pay	28,794	285	29,079
Police Staff Overtime	164	0	164
Police Staff Pensions	0	3,802	3,802
Other Employee Related Costs	1,569	(14)	1,555
Premises Costs	3,551	(382)	3,169
Transport Costs	2,046	9	2,055
Supplies & Services	9,167	381	9,548
Agency & Contracted Services	4,022	(520)	3,502
Capital Financing Costs	3,104	1,268	4,372
Grants	(8,368)	2,463	(5,905)
Other Income	(7,261)	(1,648)	(8,909)
Net Cost of Services (before McCloud)	103,079	18,236	121,315
Police Officer Pensions - Potential Impact of Police Pension Legal Challenge (McCloud)	0	75,453	75,453
Police Staff Pensions - Potential Impact of Legal Challenge (McCloud)	0	3,278	3,278
Net Cost of Services	103,079	96,967	200,046
Other Income and Expenditure	(99,100)	11,640	(87,460)
Surplus/(Deficit) (Before Reserve Transfers)	3,979	108,607	112,586
Transfers from Earmarked Reserves	(3,979)		
Surplus or Deficit for the Year	0		
Opening General Fund Balance as at 1 April 2018	(4,032)		
Less Deficit on General Fund Balance in Year	0		
Closing General Fund Balance as at March 2019	(4,032)		

Comprehensive Income and Expenditure Statement

The following Statement summarises the resources that have been generated and consumed in providing policing and crime reduction services during the year.

The 2018/19 Statement has been restated to reflect changes made to Reporting Arrangements. Please refer to Note 2 'Previous Period Adjustments' for an explanation of these changes.

Group					Commissioner		
Gross Expend. £'000	Gross Income £'000	Net Expend. £'000	Comprehensive Income and Expenditure Statement 2019/20	Note	Gross Expend. £'000	Gross Income £'000	Net Expend. £'000
64,472	0	64,472	Police Officer Pay		0	0	0
2,272	0	2,272	Police Officer Overtime		0	0	0
16,362	0	16,362	Police Officer Pensions		0	0	0
30,819	0	30,819	Police Staff Pay		1,421	0	1,421
108	0	108	Police Staff Overtime		2	0	2
4,977	0	4,977	Police Staff Pensions		429	0	429
1,240	0	1,240	Other Employee Related Costs		26	0	26
4,107	0	4,107	Premises Costs		3,641	0	3,641
1,929	0	1,929	Transport Costs		13	0	13
10,408	0	10,408	Supplies & Services		171	0	171
5,277	0	5,277	Agency & Contracted Services		1,853	0	1,853
4,397	0	4,397	Capital Financing Costs		4,397	0	4,397
0	(7,533)	(7,533)	Grants	30	0	(7,533)	(7,533)
0	(9,427)	(9,427)	Other Income		0	(13,115)	(13,115)
146,368	(16,960)	129,408	Total Cost of Services (before McCloud)		11,953	(20,648)	(8,695)
5,145	0	5,145	Police Officer Pensions – Potential Impact of Legal Challenge (McCloud)	35	0	0	0
561	0	561	Police Staff Pensions – Potential Impact of Legal Challenge (McCloud)	35	24	0	24
152,074	(16,960)	135,114	Total Cost of Services		11,977	(20,648)	(8,671)
220	(16,881)	(16,661)	Other Operating Income & Expenditure	10	220	(16,881)	(16,661)
34,544	(852)	33,692	Financing & Investment Income & Expenditure	11	728	(852)	(124)
0	(106,434)	(106,434)	Taxation & Non-specific Grant Income	12	0	(106,434)	(106,434)
0	0	0	Commissioning Costs (Intra-group transfer)		177,601	0	177,601
186,838	(141,127)	45,711	Surplus/Deficit on Provision of Services		190,526	(144,815)	45,711
		(13)	(Surplus) or deficit on revaluation of fixed assets				(13)
		29,012	Actuarial (gains)/losses on pension asset/liabilities				999
		0	Commissioning Costs (Intra-group transfer)				28,013
		74,710	Total Comprehensive Income and Expenditure				74,710

POLICE AND CRIME COMMISSIONER FOR DYFED-POWYS

Group					Commissioner		
Gross Expend. £'000	Gross Income £'000	Net Expend. £'000	Comprehensive Income and Expenditure Statement 2018/19 (Restated)	Note	Gross Expend. £'000	Gross Income £'000	Net Expend. £'000
62,236	0	62,236	Police Officer Pay		0	0	0
2,469	0	2,469	Police Officer Overtime		0	0	0
14,178	0	14,178	Police Officer Pensions		0	0	0
29,079	0	29,079	Police Staff Pay		1,373	0	1,373
164	0	164	Police Staff Overtime		0	0	0
3,802	0	3,802	Police Staff Pensions		329	0	329
1,555	0	1,555	Other Employee Related Costs		18	0	18
3,169	0	3,169	Premises Costs		3,069	0	3,069
2,055	0	2,055	Transport Costs		20	0	20
9,548	0	9,548	Supplies & Services		113	0	113
3,502	0	3,502	Agency & Contracted Services		1,384	0	1,384
4,372	0	4,372	Capital Financing Costs		4,372	0	4,372
0	(5,905)	(5,905)	Grants	30	0	(5,905)	(5,905)
0	(8,909)	(8,909)	Other Income		0	(12,568)	(12,568)
136,129	(14,814)	121,315	Total Cost of Services (before McCloud)		10,678	(18,473)	(7,795)
75,453	0	75,453	Police Officer Pensions – Potential Impact of Police Pension Legal Challenge (McCloud)	35	0	0	0
3,278	0	3,278	Police Staff Pensions – Potential Impact of Police Pension Legal Challenge (McCloud)	35	132	0	132
214,860	(14,814)	200,046	Total Cost of Services		10,810	(18,473)	(7,663)
538	(19,710)	(19,172)	Other Operating Income & Expenditure	10	538	(19,710)	(19,172)
32,069	(935)	31,134	Financing & Investment Income & Expenditure	11	625	(935)	(310)
0	(99,422)	(99,422)	Taxation & Non-specific Grant Income	12	0	(99,422)	(99,422)
0	0	0	Commissioning Costs (Intra-group transfer)		239,153	0	239,153
247,467	(134,881)	112,586	Surplus/Deficit on Provision of Services		251,126	(138,540)	112,586
		81,200	Actuarial (gains)/losses on pension asset/liabilities				286
		0	Commissioning Costs (Intra-group transfer)				80,914
		193,786	Total Comprehensive Income and Expenditure				193,786

Movement in Reserves Statement

Financial Year 2019/20

	Note Ref	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Total General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2019		(4,032)	(11,757)	(15,789)	0	(427)	(16,216)	1,292,359	1,276,143
Movement in reserves during 2019/20									
Surplus or (deficit) on the provision of services	CIES	45,711	0	45,711	0	0	45,711	0	45,711
Other Comprehensive Income and Expenditure	CIES	0	0	0	0	0	0	28,999	28,999
Total Comprehensive Income and Expenditure		45,711	0	45,711	0	0	45,711	28,999	74,710
Adjustments between accounting basis and funding basis under Regulations	8	(44,070)	0	(44,070)	0	0	(44,070)	44,070	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves		1,641	0	1,641	0	0	1,641	73,069	74,710
Transfers to/from earmarked reserves	9	(1,641)	1,641	0	0	0	0	0	0
(Increase)/Decrease in 2019/20		0	1,641	1,641	0	0	1,641	73,069	74,710
Balance at 31 March 2020		(4,032)	(10,116)	(14,148)	0	(427)	(14,575)	1,365,428	1,350,853

Financial Year 2018/19

	Note Ref	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Total General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2018		(4,032)	(15,698)	(19,730)	0	(750)	(20,480)	1,102,837	1,082,357
Reclassifications		0	(38)	(38)	0	0	(38)	38	0
Revised Balance at 31 March 2018		(4,032)	(15,736)	(19,768)	0	(750)	(20,518)	1,102,875	1,082,357
Movement in reserves during 2018/19									
Surplus or (deficit) on the provision of services	CIES	112,586	0	112,586	0	0	112,586	0	112,586
Other Comprehensive Income and Expenditure	CIES	0	0	0	0	0	0	81,200	81,200
Total Comprehensive Income and Expenditure		112,586	0	112,586	0	0	112,586	81,200	193,786
Adjustments between accounting basis and funding basis under Regulations	8	(108,607)	0	(108,607)	0	323	(108,284)	108,284	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves		3,979	0	3,979	0	323	4,302	189,484	193,786
Transfers to/from earmarked reserves	9	(3,979)	3,979	0	0	0	0	0	0
(Increase)/Decrease in 2018/19		0	3,979	3,979	0	323	4,302	189,484	193,786
Balance at 31 March 2019		(4,032)	(11,757)	(15,789)	0	(427)	(16,216)	1,292,359	1,276,143

Balance Sheet

Group 2018/19 £'000	Commissioner 2018/19 £'000		Note	Group 2019/20 £'000	Commissioner 2019/20 £'000
73,613	73,613	Property, plant & equipment	13	73,990	73,990
3,912	3,912	Investment property	14	3,975	3,975
10	10	Intangible assets		0	0
48	48	Surplus Assets	13	394	394
104	104	Assets Under Construction	13	240	240
6,414	6,414	Long term investments	16	4,547	4,547
84,101	84,101	Long term assets		83,146	83,146
17,620	17,620	Short term investments	16	9,935	9,935
463	0	Inventories		461	0
1,672	1,672	Assets held for sale	19	0	0
5,371	4,896	Short term debtors	17	9,829	9,046
2,712	2,712	Cash and cash equivalents	18	4,829	4,829
0	938	Intra-group transfer		0	1,244
27,838	27,838	Current assets		25,054	25,054
(207)	(207)	Short term borrowing	16	(227)	(227)
(13,259)	(2,935)	Short term creditors	20	(11,931)	(3,369)
(768)	(768)	Short term provisions	21	(1,242)	(1,242)
0	(10,324)	Intra - group transfer		0	(8,562)
(14,234)	(14,234)	Current liabilities		(13,400)	(13,400)
(1,739)	(1,739)	Long term borrowing	16	(1,511)	(1,511)
(1,371,157)	(1,371,157)	Other long term liabilities	35	(1,443,218)	(1,443,218)
(952)	(952)	Long term provisions	21	(924)	(924)
(1,373,848)	(1,373,848)	Long term liabilities		(1,445,653)	(1,445,653)
(1,276,143)	(1,276,143)	Net assets/liabilities		(1,350,853)	(1,350,853)
(16,216)	(16,216)	Usable reserves	9	(14,575)	(14,575)
1,292,359	1,292,359	Unusable reserves	22	1,365,428	1,365,428
1,276,143	1,276,143	Total reserves		1,350,853	1,350,853

Cash Flow Statement

Group 2018/19 £'000	Commissioner 2018/19 £'000		Note	Group 2019/20 £'000	Commissioner 2019/20 £'000
112,586	112,586	Net (surplus) or deficit on the provision of services	CIES	45,711	45,711
(117,883)	(117,883)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	23	(42,970)	(42,970)
1,151	1,151	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	23	(1,651)	(1,651)
(4,146)	(4,146)	Net cash flows from Operating Activities	23	1,090	1,090
4,539	4,539	Investing Activities	24	(5,330)	(5,330)
(677)	(677)	Financing Activities	25	2,123	2,123
(284)	(284)	Net (increase) or decrease in cash and cash equivalents	18	(2,117)	(2,117)
2,428	2,428	Cash and cash equivalents at the beginning of the reporting period	18	2,712	2,712
2,712	2,712	Cash and cash equivalents at the end of the reporting period	18	4,829	4,829

Police Pension Fund

Group 2018/19 £'000	Commissioner 2018/19 £'000	Fund Account	Group 2019/20 £'000	Commissioner 2019/20 £'000
		Contributions receivable		
(10,520)	0	Employer contributions	(13,337)	0
(256)	0	Other income	(250)	0
(5,879)	0	Officers' contributions	(5,792)	0
(16,655)	0	Contributions receivable	(19,379)	0
(393)	0	Transfers in from other pension funds	(656)	0
		Benefits payable		
26,483	0	Pensions	28,050	0
9,443	0	Commutations and lump sum retirement benefits	7,313	0
35,926	0	Benefits Payable	35,363	0
		Payments to and on account of leavers		
39	0	Transfers out to other pension funds	329	0
12	0	Refunds of contributions	25	0
119	0	Scheme Pays tax payments	535	0
170	0	Payments to and on account of leavers	889	0
19,048	(19,048)	Net amount payable for the year	16,217	(16,217)
(19,048)	19,048	Additional contribution from the Police Fund (re Home Office Grant)	(16,217)	16,217
0	0	Total	0	0

Group 2018/19 £'000	Commissioner 2018/19 £'000	Net Assets Statement	Group 2019/20 £'000	Commissioner 2019/20 £'000
		Current Assets		
908	0	Debtor – net balances owed from the Police fund	0	0
908	0	Current Assets	0	0
		Current Liabilities		
(908)	0	Creditors – benefits payable to retiring officers end of March paid April	0	0
(908)	0	Current Liabilities	0	0
0	0	Net Assets	0	0

Notes to the Accounts

1. Accounting policies

General Principles

The Statement of Accounts summarises the Group's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020. The Commissioner is required to prepare an annual Statement of Accounts for himself and the Group by the Accounts and Audit (Wales) Regulations 2014 (as amended), which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and the Service Reporting Code of Practice 2019/20, 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 the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the financial position or financial performance of the Group. 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 or received. In particular:

- Revenue from the sale of goods is recognised when the Group transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Group.
- Revenue from the provision of services is recognised when the Group can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Group.
- 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.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- 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 Group'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 Group.

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.

Property, plant and equipment

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it incurred.

Expenditure falling below a de-minimis level of £6,000 per item is treated as Revenue and charged when it is incurred.

Assets are initially measured at cost and are then carried in the Balance Sheet using the following measurement bases:

- Assets under construction – historical cost;
- Operational Buildings – depreciated replacement cost;
- Surplus assets / Assets Held For Sale – fair value – reviewed annually;
- Investment Properties – fair value - reviewed annually;
- All other assets – fair value (revalued every five years), determined as the amount that would be paid for the asset in its existing use.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

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

Where impairment losses are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the CIES.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. The useful economic lives of assets and their residual values are summarised in the table below:

Asset Category	Useful Economic Life	Residual Value
Property		
Land	No depreciation	No depreciation
Operational buildings	10-155 years	Nil
Investment properties	No depreciation	No depreciation
Surplus assets	10-155 years	Nil
Assets under construction	No depreciation	No depreciation
Assets held for sale	No depreciation	No depreciation
Boats		
Boat 1 - Hull	32 years	Nil
Boat 2 - Engine	12 years	Nil
Boat 2	10 years	Nil
Vehicles		
Rapid response	3 years	Nil
Other	3-5 years	Nil
Equipment		
Computer & other equipment	5 years	Nil
Intangible assets		
Other	3-5 years	Nil

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

The Group has applied the following de-minimis limits, below which, the component is not separately quantified:

Life of component (years)	0-10	10-15	15-20	20-30	30-40	Over 40
De-minimis (£'000)	50	100	200	300	750	1,000

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Surplus Assets

Surplus assets are those that are not being actively used in the business (such as vacant properties) and that cannot be classed as “assets held for sale”. Surplus assets will be measured at fair value at each reporting date, based on the amount at which the asset could be exchanged between knowledgeable parties at arm’s-length. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

Disposals and Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES.

Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts reserve, and can only be used for new capital investment (or set aside to reduce the Group’s underlying need to borrow – the capital financing requirement).

Charges to Revenue for Non-Current Assets

Services are debited with the following amounts to record the cost of holding non-current assets during the year:

Depreciation attributable to the assets used by the relevant service.

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

Investment property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost and subsequently at fair value, based on the

amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

Accounting for Annual Contribution from Revenue

The Group is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in his overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Intangible assets

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

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

Financial Instruments

Financial Liabilities

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

Financial Assets

Loans and Receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Group has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus accrued interest.

Foreign currency translation

Where the Group 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.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Provisions

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Reserves

Amounts set aside for purposes falling outside the definition of provisions are considered as reserves. Revenue reserves are available to finance expenditure. Certain capital reserves created as a result of the capital accounting scheme are not available to meet current expenditure and include:

- Revaluation Reserve which records the accumulated gains on the fixed assets held by the Group arising from increases in value, to the extent that these gains have not been consumed by subsequent downward movements in value;
- Capital Adjustment Account, which provides a balancing mechanism between the different rates at which assets are depreciated and are financed through the capital controls system, by accumulating:
 - On the debit side – the write-down of the historical cost of fixed assets as they are consumed by depreciation and impairments or written off on disposal;
 - On the credit side – the resources that have been set aside to finance capital expenditure.

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.

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.

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 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.

Government grants and contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Group when there is reasonable assurance that:

- The Group will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Leases

The rentals payable/receivable are charged to the CIES on an accruals basis.

Value Added Tax (VAT)

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

2. Previous period adjustments

Modification of force reporting arrangements

The Code requires the Service Analysis in the Comprehensive Income and Expenditure Statement (CIES) and the Expenditure and Funding Analysis (EFA) to be prepared on the same basis as the information used by management for decision-making.

During 2019/20, some changes have been made to the Group's internal reporting arrangements and reports are now being prepared on a subjective basis as opposed to a 'Directorate/Portfolio' basis.

These changes have been reflected in both the CIES and the EFA for 2019/20. The 2018/19 prior year figures have been restated for comparative purposes.

3. Accounting standards issued but not yet adopted

The Code requires the Police and Crime Commissioner 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 following changes will be required from 1 April 2020:

- amendments to *IAS28 Investments in Associates and Joint Ventures*: Long-term Interests in Associates and Joint Ventures;
- Annual Improvements to *IFRS Standards 2015-2017 Cycle*;

- Amendments to *IAS19 Employee Benefits*: Plan Amendment, Curtailment or Settlement;

The impact of the above changes on the Financial Statements is not known, however, in the Financial Statements for 2020/21, the effect of the changes will be assessed 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 Police and Crime Commissioner for Dyfed-Powys and the scale of the Governments recent economic interventions to deal with the Coronavirus pandemic will undoubtedly have significant implications for public services and their funding. Work will continue to assess the financial implications for both 2020/21 and beyond, but this will take some time to crystallise both in terms of the local issues but also within the wider economic landscape. The Commissioner has determined that this uncertainty is not yet sufficient to provide an indication that assets might be impaired as a result of a need to close facilities and reduce levels 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 Commissioner about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Balance Sheet at 31 March 2020 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
Property valuations	The outbreak of the Novel Coronavirus (COVID-19) has impacted global financial markets. As at the valuation date, the property valuations have been conducted on the basis of 'material valuation uncertainty'. This means that a higher degree of caution should be attached to the valuation than would normally be the case. The valuers have advised that this does not mean that the valuation cannot be relied upon, however less certainty can be attached than would otherwise be the case.	No significant impacts are anticipated.
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 pensions liability of changes in individual assumptions can be measured. For instance, an increase of 0.1% in pay award for the police officer pension scheme would result in an increase to the pension liability to £1,369 million.

6. Events after the Reporting Period

The Draft Statement of Accounts was authorised for issue by the Chief Financial Officer on 29 May 2020. There are no events after the balance sheet date that would affect the Group's financial position for 2019/20.

7. Note to the Expenditure and Funding Analysis

The following note presents further detail in support of the Expenditure and Funding Analysis and provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement. The 2018/19 note has been restated to reflect the changes made to Reporting Structures. Please refer to Note 2 'Previous Period Adjustments' for an explanation of these changes.

2019/20

Adjustments From General Fund To Arrive At The Comprehensive Income And Expenditure Statement	Adjustments for Capital Purposes (Column A) £'000	Net change for the Pensions Adjustments (Column B) £'000	Other Differences (Column C) £'000	Total Adjustments £'000
Police Officer Pay	0	0	503	503
Police Officer Overtime	0	0	0	0
Police Officer Pensions	0	14,716	0	14,716
Police Staff Pay	0	0	554	554
Police Staff Overtime	0	0	0	0
Police Staff Pensions	0	4,977	0	4,977
Other Employee Related Costs	0	0	(31)	(31)
Premises Costs	0	0	(320)	(320)
Transport Costs	0	0	(54)	(54)
Supplies & Services	0	0	(162)	(162)
Agency & Contracted Services	0	0	(110)	(110)
Capital Financing Costs	1,893	0	0	1,893
Grants	0	0	737	737
Other Income	0	0	(531)	(531)
Net Cost of Services (before McCloud)	1,893	19,693	586	22,172
Police Officer Pensions - Potential Impact of Police Pension Legal Challenge (McCloud)	0	5,145	0	5,145
Police Staff Pensions - Potential Impact of Police Pension Legal Challenge (McCloud)	0	561	0	561
Net Cost of Services	1,893	25,399	586	27,878
Other Income and Expenditure	(1,121)	17,650	(337)	16,192
Surplus / (Deficit) for the Year	772	43,049	249	44,070

2018/19 (Restated)

Adjustments From General Fund To Arrive At The Comprehensive Income And Expenditure Statement	Adjustments for Capital Purposes (Column A) £'000	Net change for the Pensions Adjustments (Column B) £'000	Other Differences (Column C) £'000	Total Adjustments £'000
Police Officer Pay	0	0	(211)	(211)
Police Officer Overtime	0	0	0	0
Police Officer Pensions	0	12,803	0	12,803
Police Staff Pay	0	0	285	285
Police Staff Overtime	0	0	0	0
Police Staff Pensions	0	3,802	0	3,802
Other Employee Related Costs	0	0	(14)	(14)
Premises Costs	0	0	(381)	(381)
Transport Costs	0	0	9	9
Supplies & Services	0	0	380	380
Agency & Contracted Services	0	0	(520)	(520)
Capital Financing Costs	1,268	0	0	1,268
Grants	0	0	2,463	2,463
Other Income	0	0	(1,648)	(1,648)
Net Cost of Services (Before McCloud)	1,268	16,605	363	18,236
Police Officer Pensions - Potential Impact of Police Pension Legal Challenge (McCloud)	0	75,453	0	75,453
Police Staff Pensions - Potential Impact of Police Pension Legal Challenge (McCloud)	0	3,278	0	3,278
Net Cost of Services	1,268	95,336	363	96,967
Other Income and Expenditure	(423)	12,431	(368)	11,640
Surplus/(Deficit) for the Year	845	107,767	(5)	108,607

Column A - Adjustments for Capital Purposes

For Services – adds in depreciation, impairment and revaluation gains and losses. Statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from services as these are not chargeable under generally accepted accounting practices. Capital grants are adjusted for income not chargeable under generally accepted accounting practices.

For Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Column B - Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS19 *Employee Benefits* pension related expenditure and income:

For Services – this represents the removal of the employer pension contributions made by the Group as allowed by statute and the replacement with current service costs and past service costs.

For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

For Other Operating income and expenditure – the Home Office Pensions ‘Top Up ‘ Grant is credited to the CIES.

Column C – Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

For Services – adjusted by the amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.

For Financing and investment income and expenditure – adjusted by the amount by which finance costs charged to the Comprehensive Income and Expenditure Statement in relation to Financial Instruments differ from finance costs chargeable in the year in accordance with statutory requirements.

A number of presentational adjustments have also been made between Services and Other Income and Expenditure (i.e. above and below the line). Overall, these adjustments have a nil effect.

8. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Group/Commissioner in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Commissioner to meet future capital and revenue expenditure.

	General Fund Balance	Capital Grants Unapplied	Capital Receipts Reserve	Movement in Unusable Reserves
2019/20	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account				
Reversal of items debited or credited to the CIES				
Charges for depreciation and impairment of non-current assets	(4,386)	0	0	4,386
Revaluation losses on property, plant and equipment	(155)	0	0	155
Amortisation of intangible assets	(10)	0	0	10
Capital grants and contributions applied	839	0	0	(839)
Movement in the Donated Assets Account	0	0	0	0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(1,345)	0	0	1,345
Insertion of items not debited or credited to the CIES				
Capital expenditure charged against the General Fund	2,496	0	0	(2,496)
Adjustments primarily involving the Capital Grants Unapplied account				
Capital grants and contributions unapplied credited to CIES	0	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0
Adjustments primarily involving the Capital Receipts Reserve				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	0	0	0	0
Use of Capital Receipts Reserve to finance new capital expenditure	1,789	0	0	(1,789)
Adjustments involving the Financial Instruments Adjustment Account				
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	0	0
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the CIES	16,217	0	0	(16,217)
Employer's pensions contributions and direct payments to pensioners payable in the year	(59,266)	0	0	59,266
Adjustments primarily involving the Accumulated Balances Account				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(213)	0	0	213
Adjustments in respect of fair share of Collaborative Arrangements	(36)	0	0	36
Total adjustments	(44,070)	0	0	44,070

	General Fund Balance	Capital Grants Unapplied	Capital Receipts Reserve	Movement in Unusable Reserves
2018/19	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account				
Reversal of items debited or credited to the CIES				
Charges for depreciation and impairment of non-current assets	(4,289)	0	0	4,289
Revaluation losses on property, plant and equipment	45	0	0	(45)
Amortisation of intangible assets	(83)	0	0	83
Capital grants and contributions applied	323	0	0	(323)
Movement in the Donated Assets Account	0	0	0	0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(538)	0	0	538
Insertion of items not debited or credited to the CIES				
Capital expenditure charged against the General Fund	3,104	0	0	(3,104)
Adjustments primarily involving the Capital Grants Unapplied account				
Capital grants and contributions unapplied credited to CIES	0	0	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	323	0	(323)
Adjustments primarily involving the Capital Receipts Reserve				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	(23)	0	0	23
Use of Capital Receipts Reserve to finance new capital expenditure	616	0	0	(616)
Adjustments involving the Financial Instruments Adjustment Account				
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	0	0
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the CIES	19,048	0	0	(19,048)
Employer's pensions contributions and direct payments to pensioners payable in the year	(126,817)	0	0	126,817
Adjustments primarily involving the Accumulated Balances Account				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	306	0	0	(306)
Adjustments in respect of fair share of Collaborative Arrangements	(299)	0	0	299
Total adjustments	(108,607)	323	0	108,284

9. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2019/20.

Reserve Balance	At 1 April 2018 £'000	Transfers in 18/19 £'000	Transfers out 18/19 £'000	At 31 March 2019 £'000	Transfers in 19/20 £'000	Transfers out 19/20 £'000	At 31 March 2020 £'000
Earmarked Revenue Reserve	(3,495)	0	2,159	(1,336)	(415)	977	(774)
Driver Retraining Scheme	(1,002)	(354)	62	(1,294)	(213)	637	(870)
Proceeds of Crime Act	(241)	(16)	39	(218)	(32)	88	(162)
Chief Constable Operational Fund	0	(385)	0	(385)	(100)	0	(485)
Sustainability and Transformation Fund	0	(494)	0	(494)	0	0	(494)
Drug Intervention	(170)	0	35	(135)	0	0	(135)
COVID-19 Reserve	0	0	0	0	(650)	0	(650)
Regional Collaboration Reserve	(465)	(127)	203	(389)	0	127	(262)
'Go Safe' Road Safety Partnership Reserve	(1,480)	(241)	0	(1,721)	0	400	(1,321)
Capital Reserves	(9,633)	(318)	3,739	(6,212)	0	822	(5,390)
General Reserve	(4,032)	0	0	(4,032)	0	0	(4,032)
Total Reserves	(20,518)	(1,935)	6,237	(16,216)	(1,410)	3051	(14,575)

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

Earmarked Revenue Reserve

This reserve is being held to support the revenue budget over the next 2 years to mitigate against future funding gaps.

Driver Retraining Scheme

This reserve is to support activities in relation to road and community safety initiatives.

Proceeds of Crime Act

Funds are allocated as a result of confiscation orders arising from proceeds of crime. The reserves are utilised to support operational activities which assist in bringing criminals to justice.

Chief Constable Operational Fund

This reserve assists in mitigating against the consequential costs of notable peaks in operational activity.

Sustainability and Transformation Fund

This reserve is to assist in funding 'invest to save', sustainability and transformational activities.

Drug Intervention

This reserve will be utilised to support drug testing.

COVID-19 Reserve

This is a new reserve which has been established to assist in partially mitigating the financial implications arising from Coronavirus Pandemic.

Regional Collaboration Reserve

This represents the share of funds held for collaborative police services which include the Regional Organised Crime Unit and the Regional Task Force. The funds will be utilised in line with business requirements to support operational delivery.

'Go Safe' Road Safety Partnership Reserve

This Earmarked Reserve is held on behalf of the All Wales 'Go Safe' Road Safety Partnership and will be utilised in line with their business requirements.

Capital Reserves

This reserve will be used to support the significant capital investment in Estates, Information Technology and Fleet as outlined within the Medium Term Financial Plan and Capital Strategy.

General Reserve

In accordance with CIPFAs Guidance Note on Local Authority Reserves and Balances, the Commissioner also maintains a General Reserve to act as a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing, and a contingency to cushion the impact of unexpected events or emergencies.

10. Other operating income and expenditure

This line contains corporate items of income and expenditure that cannot reasonably be allocated or apportioned to services.

Group 2018/19 £'000	Commissioner 2018/19 £'000		Group 2019/20 £'000	Commissioner 2019/20 £'000
(124)	(124)	(Gain)/Loss on the disposal of non-current assets	(444)	(444)
(19,048)	(19,048)	Home Office Police Officers Pensions top-up grant	(16,217)	(16,217)
(19,172)	(19,172)	Total	(16,661)	(16,661)

11. 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.

Group 2018/19 £'000	Commissioner 2018/19 £'000		Note	Group 2019/20 £'000	Commissioner 2019/20 £'000
173	173	Interest payable and similar charges	16	156	156
31,481	37	Net interest on the net defined benefit liability	35	33,868	52
22	22	Other investment expenditure – helicopter deferred capital receipt	23	0	0
0	0	Surplus/deficit on revaluation of investment properties	14	161	161
(235)	(235)	Interest receivable and similar income	16	(226)	(226)
(307)	(307)	Income and expenditure in relation to investment properties and changes in their fair value		(267)	(267)
31,134	(310)	Total		33,692	(124)

12. Taxation and non-specific grant incomes

This item consolidates all the grants and contributions receivable that cannot be identified to particular service expenditure.

Group 2018/19 £'000	Commissioner 2018/19 £'000		Note	Group 2019/20 £'000	Commissioner 2019/20 £'000
(49,787)	(49,787)	Council tax income		(55,247)	(55,247)
(8,823)	(8,823)	National Non Domestic Rates (NNDR)		(8,900)	(8,900)
(40,490)	(40,490)	Non ring fenced government grants	30	(41,448)	(41,448)
(322)	(322)	Capital grants and contributions	30	(839)	(839)
(99,422)	(99,422)	Total		(106,434)	(106,434)

13. Property, plant and equipment

Movement on balances in financial year 2019/20

	Land	Buildings	Boat	Vehicles	Equipment	Total Property, Plant & Equipment	Surplus Assets	Assets Under Construction
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2019	4,195	64,572	327	7,276	23,246	99,616	60	104
Additions	0	372	0	1,320	3,191	4,883	0	212
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in surplus/deficit on the Provision of Services	0	0	0	0	0	0	0	0
Derecognition – disposals	0	0	0	(220)	0	(220)	0	(76)
Other movements in cost or valuation	0	0	0	0	0	0	0	0
Assets reclassified	(235)	49	0	0	3	(183)	371	0
At 31 March 2020	3,960	64,993	327	8,376	26,440	104,096	431	240
Accumulated depreciation and impairment at 1 April 2019	0	(3,448)	(74)	(4,394)	(18,086)	(26,002)	(12)	0
Depreciation charge	0	(1,758)	(21)	(1,032)	(1,469)	(4,280)	(25)	0
Depreciation written out to Revaluation Reserve	0	0	0	0	0	0	0	0
Derecognition disposals	0	0	0	176	0	176	0	0
Accumulated depreciation and impairment at 31 March 2020	0	(5,206)	(95)	(5,250)	(19,555)	(30,106)	(37)	0
Net book value - at 31 March 2020	3,960	59,787	232	3,126	6,885	73,990	394	240
Net book value - at 31 March 2019	4,195	61,124	253	2,882	5,160	73,613	48	104

Movement on balances in financial year 2018/19

	Land	Buildings	Boat	Vehicles	Equipment	Total Property, Plant & Equipment	Surplus Assets	Assets Under Construction
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation at 1 April 2018	4,195	63,762	294	7,748	20,963	96,962	60	0
Additions	0	935	33	1,003	2,283	4,254	0	104
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in surplus/deficit on the Provision of Services	0	0	0	0	0	0	0	0
Derecognition – disposals	0	0	0	(1,475)	0	(1,475)	0	0
Other movements in cost or valuation	0	0	0	0	0	0	0	0
Assets reclassified	0	(125)	0	0	0	(125)	0	0
At 31 March 2019	4,195	64,572	327	7,276	23,246	99,616	60	104
Accumulated depreciation and impairment at 1 April 2018	0	(1,729)	(53)	(4,543)	(16,745)	(23,070)	(6)	0
Depreciation charge	0	(1,254)	(21)	(1,201)	(1,341)	(3,817)	(4)	0
Depreciation written out to Revaluation Reserve	0	(465)	0	0	0	(465)	(2)	0
Derecognition disposals	0	0	0	1,349	0	1,349	0	0
Accumulated depreciation and impairment at 31 March 2019	0	(3,448)	(74)	(4,395)	(18,086)	(26,003)	(12)	0
Net book value - at 31 March 2019	4,195	61,124	253	2,881	5,160	73,613	48	104

Revaluations

The Commissioner carries out a programme that ensures assets required to be measured at fair value are normally measured once every five years for each class of asset. A full revaluation of land and buildings was carried out by external valuers and was effective from 31 March 2017.

Valuations of some buildings, investment properties and surplus assets were undertaken as of the 31 March 2018 due to some significant expenditure on these buildings and change in use.

These were undertaken by an external valuer.

Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

	Property Plant and Equipment					
	Land £'000	Buildings £'000	Vehicles £'000	Equipment £'000	Boat £'000	Total £'000
Carried at historical cost	3,960	0	8,376	26,412	327	39,075
Valued at fair value at						
31/3/20	0	421	0	0	0	421
31/3/19	0	(472)	0	0	0	(472)
31/3/18	0	(122)	0	34	0	(88)
31/3/17	0	7,277	0	(6)	0	7,271
31/3/16 and prior	0	57,889	0	0	0	57,889
Total cost or valuation	3,960	64,993	8,376	26,440	327	104,096

14. Investment properties

The following table summarises the movement in the fair value of investment properties over the year

2018/19 £'000		2019/20 £'000
3,904	Balance at start of year	3,912
8	Additions in the year	27
0	Reclassification	184
0	Net gains/(losses) from fair value adjustments	(148)
3,912	Balance at end of year	3,975

Investment properties are measured at fair value based on market evidence.

Details of the Commissioner's investment properties and information about the fair value hierarchy as at 31 March 2020 and 31 March 2019 are as follows

	Quoted prices in active markets for identical assets (level 1)	Other significant observable inputs (level 2)	Significant unobservable inputs (level 3)	Fair value as at 31 March 2020
31 March 2020	£'000	£'000	£'000	£'000
Radio Mast Sites	0	2,590	0	2,590
Office Units	0	1,385	0	1,385

	Quoted prices in active markets for identical assets (level 1)	Other significant observable inputs (level 2)	Significant unobservable inputs (level 3)	Fair value as at 31 March 2019
31 March 2019	£'000	£'000	£'000	£'000
Radio Mast Sites	0	2,525	0	2,525
Office Units	0	1,387	0	1,387

Valuation techniques used to determine level 2 and 3 fair values for investment properties

Significant observable inputs – level 2.

The fair value for the radio mast units and office units has been based on the market approach using current market conditions, the duration of leases and rental income.

15. Capital Commitments

At 31 March 2020 the Police and Crime Commissioner has entered into a contract for the construction of property. Costs arising in 2020-21 and in future years are budgeted to be £1.005m (31 March 2019: Nil).

16. 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 Instrument – Balances

The following categories of financial instrument are carried in the Balance Sheet as at 31 March 2019 and 31 March 2020

Group

	Long Term		Current	
	31 March 2019 £'000	31 March 2020 £'000	31 March 2019 £'000	31 March 2020 £'000
Borrowing (PWLb)	(1,739)	(1,511)	(207)	(227)
Creditors	0	0	(13,257)	(11,931)
Total Financial Liabilities	(1,739)	(1,511)	(13,464)	(12,158)
Loans and receivables				
Investments	6,414	4,547	17,620	9,935
Debtors	0	0	5,371	9,829
Total Financial Assets	6,414	4,547	22,991	19,764

Commissioner

	Long Term		Current	
	31 March 2019 £'000	31 March 2020 £'000	31 March 2019 £'000	31 March 2020 £'000
Borrowing (PWLb)	(1,739)	(1,511)	(207)	(227)
Creditors	0	0	(2,933)	(3,369)
Total Financial Liabilities	(1,739)	(1,511)	(3,140)	(3,596)
Loans and receivables				
Investments	6,414	4,547	17,620	9,935
Debtors	0	0	4,896	9,046
Total Financial Assets	6,414	4,547	22,516	18,981

Gains and Losses

Financial Instruments – Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following items:

2018/19 £'000		Financial Liabilities - Measured at amortised cost £'000	Financial Assets - Loans and receivables £'000	2019/20 £'000
(193)	Interest expense	(3)	(156)	(159)
235	Interest income	-	226	226
42	Net gain/(loss) for the year	(3)	70	67

Fair Values

Financial assets classified as available for sale and all derivative assets and liabilities are carried in the Balance Sheet at fair value. For most assets, including bonds, treasury bills and shares in money market funds and other pooled funds, the fair value is taken from the market price. The fair values of other instruments have been estimated calculating the net present value of the remaining contractual cash flows at 31 March 2020, using the following methods and assumptions:

- Certificates of deposit and forward loan contracts have been discounted at market interest rates for instruments of similar credit quality and remaining term to maturity.
- The Public Works Loan Board (PWLB) has provided the Commissioner with fair value amounts in relation to its debt portfolio. The PWLB has assessed the fair Values by calculating the amounts the Commissioner would have had to pay to extinguish the loans on these dates.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including creditors and debtors, is assumed to approximate to the carrying amount.
- For creditors and debtors, the carrying value has been used as a reasonable approximation of fair value.
- Fair values are shown in the table on the following page, split by their level in the fair value hierarchy:
- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

There were no transfers between input levels 1 and 2 during the year and there has been no change in the valuation technique used during the year.

Group		2019/20	Fair value Level	Commissioner	
Carrying amount 31 March 2020 £'000	Fair value 31 March 2020 £'000			Carrying amount 31 March 2020 £'000	Fair value 31 March 2020 £'000
		Financial Liabilities			
(1,511)	(2,068)	Long Term Borrowing	2	(1,511)	(2,068)
		Liabilities for which fair value is not disclosed			
(227)	(227)	Short Term Borrowing		(227)	(227)
(11,931)	(11,931)	Creditors		(3,369)	(3,369)
(13,669)	(14,226)	Total Financial Liabilities		(5,107)	(5,664)
		Financial Assets			
4,547	4,547	Long Term Investments		4,547	4,547
		Assets for which fair value is not disclosed	2		
9,935	9,935	Short Term Investments		9,935	9,935
9,829	9,829	Debtors		9,046	9,046
24,311	24,311	Total Financial Assets		23,528	23,528

Group		2018/19	Fair value Level	Commissioner	
Carrying amount 31 March 2019 £'000	Fair value 31 March 2019 £'000			Carrying amount 31 March 2019 £'000	Fair value 31 March 2019 £'000
		Financial Liabilities			
(1,739)	(2,415)	Long Term Borrowing	2	(1,739)	(2,415)
		Liabilities for which fair value is not disclosed			
(207)	(207)	Short Term Borrowing		(207)	(207)
(13,257)	(13,257)	Creditors		(2,933)	(2,933)
(15,203)	(15,879)	Total Financial Liabilities		(4,879)	(5,555)
		Financial Assets			
6,414	6,414	Long Term Investments	2	6,414	6,414
		Assets for which fair value is not disclosed			
17,620	17,620	Short Term Investments		17,620	17,620
5,371	5,371	Debtors		4,896	4,896
29,405	29,405	Total Financial Assets		28,930	28,930

17. Short-Term Debtors

Group 31 March 2019 £'000	Commissioner 31 March 2019 £'000		Group 31 March 2020 £'000	Commissioner 31 March 2020 £'000
2,091	2,091	Trade receivables	1,771	1,662
2,800	2,800	Other receivables	7,384	7,384
480	5	Prepayments	674	-
5,371	4,896	Total	9,829	9,046

18. Cash and Cash Equivalents

	31 March 2020 £'000	31 March 2019 £'000	Movement in Cash and Cash Equivalents £'000
Cash held	20	20	0
Bank current accounts	3,809	692	3,117
Short term deposits	1,000	2,000	(1,000)
Total	4,829	2,712	2,117

19. Assets held for sale

	31 March 2019 £'000	31 March 2020 £'000
Balance outstanding at start of year	1,913	1,672
Assets newly classified as held for sale		
Property, plant and equipment	125	0
Assets reclassified as Surplus assets	0	(372)
Revaluation gains	45	442
Assets sold	(411)	(1742)
Depreciation	0	0
Balance outstanding at year end	1,672	0

20. Short-Term Creditors

Group 31 March 2019 £'000	Commissioner 31 March 2019 £'000		Group 31 March 2020 £'000	Commissioner 31 March 2020 £'000
1,446	476	Trade payables	3,170	835
11,813	2,459	Other payables	8,761	2,534
13,259	2,935	Total	11,931	3,369

21. Provisions

Short Term Provisions

These are amounts which are expected to be paid within 12 months of the reporting period.

The Short Term Provision Balance of £1,242k (£768k for 2018/19), includes an amount of £753k (£551k for 2018/19) in respect of Statutory Funds. The Commissioner is empowered to seize monies or property used, or intended for use, for the purpose of crime. These seized monies are held pending a ruling by the Courts. Once this ruling is made the funds can be disposed of in line with relevant legislation.

The Commissioner has also set aside £426k (£156k for 2018/19) for potential Injury Awards and Ill Health Retirements.

Long Term Provisions

These are amounts which are expected to be paid more than 12 months after the reporting period.

The Long Term Provision Balance of £924k includes an amount of £466k (£495k for 2018/19) in respect of Insurance Claims. This is an assessment of the likely settlement of insurance claims to be made by the Commissioner.

The Commissioner has also included a Long Term Provision of £457k (£457k for 2018/19) in relation to Municipal Mutual Insurance (MMI). MMI is a former insurer of public bodies which ceased trading in 1992. The Commissioner is in a scheme of arrangement to meet all claims that were outstanding at the time the company went out of business.

22. Unusable reserves

At 1 April 2019 £'000		At 31 March 2020 £'000
(19,788)	Revaluation reserve	(19,243)
(59,572)	Capital adjustment account	(59,356)
220	Accumulated absences account	432
1,371,157	Pensions reserve	1,443,218
342	Collaboration Fair Share Reserve	377
1,292,359	Total	1,365,428

Revaluation reserve

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

2018/19 £'000		2019/20 £'000
(20,254)	Balance at 1 April	(19,788)
0	Upward revaluation of assets	(110)
0	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on Provision of Services	200
(20,254)	(Surplus) or deficit on revaluation of non-current assets not posted to the surplus or deficit on the Provision of Services	90
466	Difference between fair value depreciation and historical cost depreciation	455
(19,788)	Balance at 31 March	(19,243)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Commissioner as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Group/Commissioner.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007.

2018/19 £'000		2019/20 £'000
(59,603)	Balance at 1 April	(59,572)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
4,288	Charges for depreciation and impairment of non-current assets	4,386
	Adjusting amounts written out of the revaluation reserve:	
(466)	- Fair Value Deprecation	(454)
0	- Correction of prior year balances written out of Revaluation Reserve	(103)
0	Revaluation losses on property, plant and equipment	(97)
(45)	Revaluation gains on property, plant and equipment	98
83	Amortisation of intangible assets	10
538	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,345
(55,205)		(54,387)
	Capital financing applied in the year	
(616)	Use of Capital Receipts Reserve to finance new capital expenditure	(1,789)
(3,097)	Use of Reserves to finance new capital expenditure	(1,005)
(323)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(839)
(324)	Application of grants to capital financing from the Capital Grants Unapplied Account	0
(7)	Capital expenditure charged against the General Fund	(1,491)
(4,367)		(5,124)
0	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	155
(59,572)	Balance at 31 March	(59,356)

Accumulated Absences Account

This account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2018/19 £'000		2019/20 £'000
525	Balance at 1 April	220
(525)	Settlement or cancellation of accrual made at the end of the preceding year	(220)
220	Amounts accrued at the end of the current year	432
220	Balance at 31 March	432

Pensions Reserve

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

2018/19 £'000		2019/20 £'000
1,182,188	Balance at 1 April	1,371,157
81,200	Actuarial (gains) or losses on pensions assets and liabilities	29,012
(19,048)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(16,217)
48,109	Employer's pensions contributions and direct payments to pensioners payable in the year.	53,560
78,708	Potential impact of recent Police Pension Legal Challenge (McCloud)	5,706
1,371,157	Balance at 31 March	1,443,218

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Commissioner does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2018/19 £'000		2019/20 £'000
(23)	Balance at 1 April	0
0	Transfer of deferred sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	0
23	Transfer to the Capital Receipts Reserve upon receipt of cash	0
0	Balance at 31 March	0

Collaboration Fair Share Reserve

The Collaboration Fair Share Reserve has been set up to represent the restatement of collaborative costs and reflects the difference between the fair value of collaborative costs and actual expenditure incurred in accordance with accounting standards.

2018/19 £'000		2019/20 £'000
42	Balance at 1 April	342
(42)	Reversal of adjustment made at the end of the preceding year	(342)
342	Amounts adjusted at the end of the current year	377
342	Balance at 31 March	377

23. Cash flow statement – operating activities

2018/19 £'000		2019/20 £'000
112,586	Net (surplus) or deficit on the provision of services	45,711
	Adjustments for non-cash movements	
(4,372)	Depreciation	(4,391)
(107,770)	Revaluation gains/losses on Property, Plant & Equipment	281
100	Net charges made for Retirement Benefits	(43,049)
(218)	Sale of Fixed Assets (NBV)	(1,786)
0	Contribution to Provisions	(446)
(8)	Increase/(Decrease) in Interest on Investments accrual	7
0	(Increase)/Decrease in Interest on Borrowing accrual	2
4	Increase/(Decrease) in Stock	(2)
(2,281)	Increase/(Decrease) in Debtors	4,458
(3,338)	(Increase)/Decrease in Creditors	1,956
(117,883)		(42,970)
	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	
(23)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0
867	Other payments for financing activities – Agency arrangements	(1,917)
307	Payments for and Receipts from investing activities	266
1,151		(1,651)
(4,146)	Net cash flows from operating activities	1,090

24. Cash flow statement – investing activities

2018/19 £'000		2019/20 £'000
3,547	Purchase of property, plant and equipment, investment property and intangible assets	4,495
87,804	Purchase of short-term and long-term investments	54,983
373	Other payments for investing activities	359
23	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0
(86,528)	Proceeds from short-term and long-term investments	(64,542)
(680)	Other receipts from investing activities	(625)
4,539	Net cash flows from investing activities	(5,330)

25. Cash flow statement – financing activities

2018/19 £'000		2019/20 £'000
190	Repayments of short and long-term borrowing	206
(867)	Other payments for financing activities	1,917
(677)	Net cash flows from financing activities	2,123

26. Agency Services

Since April 2015, The Police and Crime Commissioner for Dyfed-Powys has been the strategic lead for the financial administration of the 'GoSafe' Partnership. 'GoSafe' is the public facing image of the Wales Road Casualty Reduction Partnership which comprises the 4 welsh police forces, 22 Unitary Authorities for Wales and the Welsh Government (as the Trunk Road authority).

The 'GoSafe' Partnership is funded from two principal sources: a Welsh Government grant, and utilisation of income received from attendance of offenders on Speed Awareness Courses. During 2019/20, the Police and Crime Commissioner for Dyfed-Powys submitted grant claims totalling £2.55m (£2.55m in 2018/19), and made creditor payments to the value of £7.18m (£6.31m in 2018/19), on behalf of the Partnership.

In accordance with the requirements of IAS 18 *Revenue*, the Code of Practice requires that where an organisation acts as an agent, transactions will not be reflected in an authority's financial statements, with the exception of cash collected or expenditure incurred by the agent on behalf of the principal, in which case there is a debtor or creditor position and the net cash is included in Financing Activities in the Cash Flow Statement.

27. 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, and 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.

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 £1,660k and income/grants have been increased by £1,283k; a net increase in expenditure of £377k. This net increase has been reversed in the Movement in Reserves Statement 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.

Expenditure and Income Statements for 2019/20 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	10,366	509	4,029	6,308	1,666	11,765	34,643
Non Pay Expenditure	1,500	50	224	1,278	504	1,856	5,412
Gross Expenditure	11,866	559	4,253	7,586	2,170	13,621	40,055
Specific Grant Income	(11,831)	(559)	(4,253)	(3,764)	0	(1,271)	(21,678)
Income	(35)	0	0	(792)	(22)	(97)	(946)
Total Income & Grants	(11,866)	(559)	(4,253)	(4,556)	(22)	(1,368)	(22,624)
(Surplus) or Deficit - to be funded from force contributions as follows	0	0	0	3,030	2,148	12,253	17,431
Force contributions (net)							
Dyfed-Powys	0	0	0	(616)	(437)	(3,438)	(4,491)
Gwent	0	0	0	(787)	(558)	(3,038)	(4,383)
North Wales	0	0	0	0	0	0	0
South Wales	0	0	0	(1,627)	(1,153)	(5,777)	(8,557)
Total force contributions	0	0	0	(3,030)	(2,148)	(12,253)	(17,431)

Each force's contribution towards Expenditure and Income for 2019/20 is as follows:

	Counter Terrorism Intelligence Unit	Counter Terrorism Specialist Advisors	Counter Terrorism Port/Dedicated Security	Regional Organised Crime Unit	Regional Task Force	Joint Firearms Unit	
Service Classification and agreed basis of apportionment	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	Total £'000
Dyfed-Powys	1,959	92	412	1,610	441	4,235	8,749
Gwent	2,235	105	470	1,838	563	3,249	8,460
North Wales*	2,640	124	2,313	0	0	0	5,077
South Wales	5,032	237	1,058	4,137	1,165	6,138	17,767
Gross Expenditure	11,866	558	4,253	7,585	2,169	13,622	40,053
Dyfed-Powys	(1,959)	(92)	(412)	(967)	(4)	(425)	(3,859)
Gwent	(2,235)	(105)	(470)	(1,104)	(6)	(326)	(4,246)
North Wales*	(2,640)	(124)	(2,313)	0	0	0	(5,077)
South Wales	(5,032)	(237)	(1,058)	(2,485)	(12)	(616)	(9,440)
Total Income & Grants	(11,866)	(558)	(4,253)	(4,556)	(22)	(1,367)	(22,622)

* North Wales Police are basing their Dedicated Security Post (DSP) costs on income and expenditure rather than an allocation based on population in Wales. Their income and expenditure for DSP is therefore not included in the tables below. 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 2018/19 for the main collaborative arrangements were 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	7,541	428	3,805	4,855	1,720	11,480	29,829
Non Pay Expenditure	1,644	46	380	2,333	575	1,656	6,634
Gross Expenditure	9,185	474	4,185	7,188	2,295	13,136	36,463
Specific Grant Income	(9,146)	(474)	(4,159)	(3,787)	0	(1,167)	(18,733)
Income	(39)	0	(26)	(1,512)	(21)	(245)	(1,843)
Total Income & Grants	(9,185)	(474)	(4,185)	(5,299)	(21)	(1,412)	(20,576)
(Surplus) or Deficit - to be funded from force Contributions as follows:	0	0	0	1,889	2,274	11,724	15,887
Force contributions (net)							
Dyfed-Powys	0	0	0	(384)	(463)	(3,333)	(4,180)
Gwent	0	0	0	(491)	(590)	(2,913)	(3,994)
North Wales	0	0	0	0	0	0	0
South Wales	0	0	0	(1,014)	(1,221)	(5,478)	(7,713)
Total Force Contributions	0	0	0	(1,889)	(2,274)	(11,724)	(15,887)

Individual force contributions for 2018/19 in respect of the Joint Firearms Unit have been restated due to the split between forces being incorrect in the 2018/19 Statement of Accounts.

Each force's contribution towards Expenditure and Income for 2018/19 was 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
	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	1,519	78	409	1,529	467	4,084	8,086
Gwent	1,727	89	465	1,739	596	3,133	7,749
North Wales*	2,046	106	2,262	0	0	0	4,414
South Wales	3,893	201	1,049	3,920	1,232	5,919	16,214
Gross Expenditure	9,185	474	4,185	7,188	2,295	13,136	36,463
Dyfed-Powys	(1,519)	(78)	(409)	(1,127)	(4)	(439)	(3,576)
Gwent	(1,727)	(89)	(465)	(1,282)	(6)	(337)	(3,906)
North Wales*	(2,046)	(106)	(2,262)	0	0	0	(4,414)
South Wales	(3,893)	(201)	(1,049)	(2,890)	(11)	(636)	(8,680)
Total Income & Grants	(9,185)	(474)	(4,185)	(5,299)	(21)	(1,412)	(20,576)

* North Wales Police are basing their Dedicated Security Post (DSP) costs on income and expenditure rather than an allocation based on population in Wales. Their income and expenditure for DSP is therefore not included in the tables below. 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.

28. Officers' remuneration

Senior employees 2019/20

	Year	From	To	Full-time equivalent salary as at 31.03.20 or end date £	Actual salary, including allowances £	Benefits in kind - lease cars (Note 1) £	Benefits in kind - relocation expenses £	Pay in Lieu of Notice / Exit Payment £	Total remuneration excluding pension contributions £	Pension contributions £	Total remuneration £
Chief Constable	2019/20	01/04/2019	31/03/2020	142,986	144,817	0	0	0	144,817	43,848	188,665
T/Deputy Chief Constable (A)	2019/20	01/04/2019	27/04/2019	116,718	8,754	0	0	0	8,754	2,714	11,468
T/Deputy Chief Constable (B)	2019/20	03/04/2019	31/08/2019	116,718	49,029	0	0	0	49,029	14,875	63,904
Deputy Chief Constable	2019/20	01/09/2019	31/03/2020	119,637	71,251	0	0	0	71,251	21,634	92,885
T/Assistant Chief Constable (A)	2019/20	01/04/2019	31/03/2020	103,023	101,976	2,638	0	0	104,614	31,612	136,226
T/Assistant Chief Constable (B)	2019/20	08/12/2019	31/03/2020	103,023	33,123	5,644	0	0	38,767	10,045	48,812
Director of Finance/ Chief Financial Officer to the Chief Constable	2019/20	01/04/2019	31/03/2020	90,201	89,285	0	0	0	89,285	12,053	101,338
Commissioner*	2019/20	01/04/2019	31/03/2020	66,300	66,300	0	0	0	66,300	8,951	75,251
Chief Financial Officer to the Commissioner*	2019/20	01/04/2019	31/03/2020	80,530	54,075	0	0	0	54,075	7,290	61,365
Chief of Staff*	2019/20	01/04/2019	31/03/2020	80,530	80,032	0	0	0	80,032	10,760	90,792
Director of Estates*	2019/20	01/04/2019	31/03/2020	65,386	64,386	0	0	0	64,386	8,657	73,043
Total 2019/20					763,028	8,282	0	0	771,310	172,439	943,749

*staff under the direction and control of the Commissioner

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 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 2018/19

	Year	From	To	Full-time equivalent basic salary as at 31.03.18 or finish date £	Actual salary, including allowances £	Benefits in kind - lease cars (Note 2) £	Benefits in kind - relocation expenses £	Pay in Lieu of Notice / Exit Payment £	Total remuneration excluding pension contributions £	Pension contributions £	Total remuneration including pension contributions £
Chief Constable	2018/19	01/04/2018	31/03/2019	139,410	141,645	0	0	0	141,645	33,462	175,107
Deputy Chief Constable	2018/19	01/04/2018	05/01/2019	116,718	94,875	0	0	0	94,875	9,231	104,106
Assistant Chief Constable – Welsh Government	2018/19	01/04/2018	31/12/2018	113,475	86,360	2,670	0	0	89,030	8,974	98,004
T/Deputy Chief Constable	2018/19	18/11/2018	31/03/2019	116,718	43,121	0	0	0	43,121	10,435	53,556
Assistant Chief Constable	2018/19	22/04/2018	17/11/2018	100,509	56,807	0	0	0	56,807	13,747	70,554
T/Assistant Chief Constable (A)	2018/19	18/11/2018	31/03/2019	100,509	37,132	1,002	0	0	38,134	8,986	47,120
T/Assistant Chief Constable (B)	2018/19	03/04/2018	31/03/2019	87,327	90,625	0	0	0	90,625	20,782	111,407
Director of Finance/ Chief Financial Officer to the Chief Constable	2018/19	01/04/2018	31/03/2019	86,106	86,420	0	0	0	86,420	11,667	98,087
Commissioner*	2018/19	01/04/2018	31/03/2019	66,300	66,192	0	0	0	66,192	8,877	75,069
Chief Financial Officer to the Commissioner*	2018/19	01/04/2018	31/03/2019	77,187	53,004	0	0	0	53,004	7,156	60,160
Chief of Staff*	2018/19	01/04/2018	31/03/2019	77,187	77,506	0	0	0	77,506	10,463	87,969
Director of Estates*	2018/19	01/04/2018	31/03/2019	62,091	62,519	0	0	0	62,519	8,440	70,959
Total 2017/18					896,206	3,672	0	0	899,878	152,220	1,052,098

*staff under the direction and control of the Commissioner

Note1: The Assistant Chief Constable was seconded to Welsh Government for part of the year with 50% of her costs being recharged.

Note 2: 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".

Other employees – (excludes senior officers – itemised above)

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

2018/19 Number of employees		2019/20 Number of employees*
10	£60,000 - £64,999*	12
6	£65,000 - £69,999	4
3	£70,000 - £74,999	3
3	£75,000 - £79,999	4
2	£80,000 - £84,999	7
2	£85,000 - £89,999	0
1	£90,000 - £94,999	1
0	£95,000 - £99,999	0

*No other staff employed by the Commissioner received remuneration of more than £60,000 in 2019/20.

Ratio of Chief Constable Remuneration/Chief of Staff Remuneration

The revision to the Accounts and Audit Regulations (Wales) in 2014 has added a new requirement to report the following remuneration ratio information:

- the remuneration of the body's Chief Constable/Chief of Staff 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 2020; 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.

Commissioner

The remuneration of the Chief of Staff for 2019/20 was £80,032.

The median full-time equivalent remuneration of all the Commissioner's employees as at 31 March 2020 was £25,380.

The ratio of the Chief of Staff's remuneration to the median Commissioner employee's remuneration was 3.15:1 (3.01:1 in 2018/19)

Chief Constable

The remuneration of the Chief Constable for 2019/20 was £144,817 (the Chief Constable received no benefits in kind in 2019/20, please refer to note 1 of the Officers' Remuneration table, above).

The median full-time equivalent remuneration of all the Chief Constable's employees as at 31 March 2020 was £35,980.

The ratio of the Chief Constable's remuneration to the median Chief Constable employee's remuneration was 4.02:1 (4.03:1 in 2018/19)

Joint Audit Committee Members

The following amounts were paid to members in 2019/20 and 2018/19.

Group 2018/19 £'000	Commissioner 2018/19 £'000		Group 2019/20 £'000	Commissioner 2019/20 £'000
0	0	Salaries	0	0
3	3	Allowances	4	4
0	0	Expenses	1	1
3	3	Total	5	5

29. External audit costs

In 2019/20 the Commissioner and Chief Constable jointly incurred costs of £79k in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the force's external auditors (2018/19: £79k).

30. Grant Income

The Commissioner credited the following grants to the Comprehensive Income and Expenditure Statement in 2018/19 and 2019/20:

2018/19 £'000		2019/20 £'000
	Credited to Taxation and Non-specific grant income	
(33,579)	Police Revenue Grant	(34,204)
(2,633)	Welsh Floor Grant	(2,789)
(4,278)	Revenue Support Grant	(4,455)
(322)	Capital Grants and Contributions	(839)
(40,812)	Total	(42,287)
	Credited to services	
	<i>Revenue grants</i>	
(1,531)	Grants Receivable from the Home Office	(1,872)
0	Specific Grant - pensions	(1,302)
(2,479)	Police Community Support Officers	(2,479)
(600)	Victim Support Services	(597)
(351)	Private Finance Initiative	(338)
(320)	All Wales Schools Liaison Programme	(302)
(195)	Capital Loans Grant	(195)
(26)	Other Revenue Grants	(36)
	<i>Collaborative Grants</i>	
(403)	Dedicated Security Posts (Ports Unit)	(412)
(5,905)	Total	(7,533)

31. Related parties

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

Central Government and Other Public Bodies

Central government has significant influence over the general operations of the Group/Commissioner – it is responsible for providing the statutory framework within which the Group/Commissioner operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Group/Commissioner has with other parties. Grants received from central government departments are set out in note 30, 'Grant Income', most of which have strict terms and conditions.

Senior Officers

The Commissioner sits on the board of the Police ICT Company. The Police ICT Company is a company limited by guarantee and is wholly owned by Police and Crime Commissioners across England and Wales. It was established to support policing to make people safer through better ICT and through seeking to act as a bridge between the policing, technological and commercial worlds. During the 2019/10 financial year, the Police and Crime Commissioner for Dyfed-Powys paid a total to the Police ICT Company of £110,682 (2018/19: £99,592). There were no creditor or debtor balances with the Police ICT Company at the year end.

The Commissioner is a board member for the National Police Air Support Service. The National Police Air Support Service provides air support to police forces across England and Wales. During the 2019/20 financial year, the Police and Crime Commissioner for Dyfed-Powys paid a total contribution of £266,208 (2018/19: £117,276) for the service. The force also seconded three officers (2018/19: four officers which reduced to three officers in September 2018) to NPAS on a full cost recovery basis.

No other senior officers declared any related party relationships for 2019/20.

Entities Controlled or significantly Influenced by the Group/Commissioner

The Commissioner, Chief Constable and both Chief Financial Officers are trustees of the "Safer Dyfed-Powys Diogel" trust. Further information about the Trust is included in note 38, 'Trust Funds'. During 2019/20 The Police and Crime Commissioner for Dyfed-Powys did not undertake any financial transactions with Safer Dyfed-Powys Diogel (2018/19: nil).

Joint Audit Committee Members

The total allowances and expenses paid to members during the year are shown in note 28.

None of the members, or parties related to them, have undertaken any material transactions with the Commissioner in 2019/20.

32. Capital expenditure and capital financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Group/Commissioner, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Group/Commissioner that has yet to be financed.

2018/19 £'000		2019/20 £'000
0	Opening capital financing requirement	0
(4,367)	Property, Plant and Equipment	(5,124)
	Sources of finance	
616	Capital receipts	1,789
647	Government grants and other contributions	839
3,097	Capital Reserves	1,005
7	Direct revenue contributions	1,491
0	Closing capital financing requirement	0

33. Leases

Group/Commissioner as Lessee

Operating Leases

The Group/Commissioner leases property from other property owners where appropriate and affordable, to provide suitable accommodation for operational policing and support. The Group/Commissioner 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 2019 £'000		31 March 2020 £'000
148	Not later than one year	155
544	Later than one year and not later than five years	487
1,346	Later than five years	1,242
2,038	Total	1,884

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

2018/19 £'000		2019/20 £'000
187	Minimum lease payments	215
187	Total	215

Group/Commissioner as Lessor**Operating Leases**

The Group/Commissioner leases out part of its property portfolio to provide suitable and affordable accommodation for other Public Sector Authorities.

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

Group 31 March 2019 £'000	Commissioner 31 March 2019 £'000		Group 31 March 2020 £'000	Commissioner 31 March 2020 £'000
53	53	Not later than one year	160	160
212	212	Later than one year and not later than five years	551	551
89	89	Later than five years	948	948
354	354	Total	1,659	1,659

34. Termination benefits

The number of exit packages with total cost per band and total cost of the departures agreed during 2019/20 is set out in the tables below.

Group

2018/19 Number of Departures agreed FTE	2018/19 Departure cost (including payment in lieu of notice) £'000		2019/20 Number of Departures agreed FTE	2019/20 Departure cost (including payment in lieu of notice) £'000
		Exit package cost band		
2.0	39	£0 - £20,000	1.0	10
12.7	477	£20,001 - £40,000	0.0	0
2.7	130	£40,001 - £60,000	0.0	0
17.4	646		1.0	10

Commissioner

One exit package of £10k was charged to the Commissioner's accounts in 2019/20.

The total cost of exit packages is charged to the Group's Comprehensive Income and Expenditure Account in the current year.

Flexible Retirement

The force has recently adopted this policy and during the year 1 police staff took up the option. Due to these flexible retirements, an actuarial strain has been applied to the Local Government Scheme which resulted in a cost of £27k being charged to the force.

35. Defined benefit pension schemes

Participation in Pension schemes

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

The Group participates in two post-employment schemes:

The Local Government Pension Scheme (LGPS), administered locally by Carmarthenshire County Council – this is a funded defined benefit CARE (Career Average Revalued Earnings) scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The Police Officer Pension Scheme – this is an unfunded defined benefit CARE 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 the top-up grant from the Home Office.

Local Government Pension Scheme		Police Pension Scheme			Local Government Pension Scheme		Police Pension Scheme	
Group	Commiss.	Group	Commiss.		Group	Commiss.	Group	Commiss.
2018/19 £'000	2018/19 £'000	2018/19 £'000	2018/19 £'000		2019/20 £'000	2019/20 £'000	2019/20 £'000	2019/20 £'000
				Comprehensive Income and Expenditure Statement (CIES)				
				Cost of services				
(6,926)	(280)	(23,230)	0	Current service cost	(8,280)	(355)	(27,900)	0
(3,278)		(75,453)	0	Past service cost (including McCloud)	(561)	0	(5,145)	0
(116)	0	0	0	Other	(96)	0	0	0
				Financing and Investment Income and Expenditure				
(904)	(36)	(30,577)	0	Net interest expense	(1,211)	(52)	(32,657)	0
(11,224)	(316)	(129,260)	0	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(10,148)	(407)	(65,702)	0
				Other Post Employment Benefit Charged to the CIES				
				Remeasurement of the net defined benefit liability comprising:				
4,500	0	0	0	Return on plan assets (excluding the amount included in the net interest expense)	(11,394)	0	0	0
0	0	0	0	Remeasurement gains and losses arising on changes in demographic assumptions	5,538	0	21,207	0
(11,576)	(286)	(74,124)	0	Remeasurement gains and losses arising on changes in financial assumptions	(4,247)	(998)	(26,902)	0
0	0	0	0	Remeasurement gains/(losses) arising from experience	(13,214)	0	0	0
(18,300)	(602)	(203,384)	0	Total Post Employment Benefit Charged to the CIES	(33,465)	(1,405)	(71,397)	0
0	(17,698)	0	(203,384)	Commissioning Costs (intra-group transfer)	0	(32,060)	0	(71,397)
(18,300)	(18,300)	(203,384)	(203,384)	Total net cost	(33,465)	(33,465)	(71,397)	(71,397)
				Movement in Reserves Statement				
11,224	11,224	129,260	129,260	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	10,148	10,148	65,702	65,702
				Actual amount charged against the General Fund Balance for pensions in the year				
(3,240)	(3,240)	(29,475)	(29,475)	Employers' contributions payable to scheme	(3,399)	(3,399)	(29,402)	(29,402)

Transactions Relating to Post-employment Benefits

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

However, the charge the Group is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

An intra-group transfer has been processed from the Chief Constable's accounts to the Commissioner's accounts, as the Chief Constable is not responsible for holding reserves.

The cumulative amount of actuarial gains and losses recognised in the Group and Commissioner Comprehensive Income and Expenditure Statements to the 31 March 2020 is a loss of £23.3m (2018/19: £7.1m loss).

Pensions Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Group's obligation in respect of its defined benefit plans is as follows:

	Local Government Pension Scheme £'000	Police Pension Scheme £'000	Total £'000
2019/20			
Present value of the defined benefit obligation	(211,858)	(1,362,997)	(1,574,855)
Fair value of plan assets	131,637	0	131,637
Net liability arising from defined benefit obligation	(80,221)	(1,362,997)	(1,443,218)

	Local Government Pension Scheme £'000	Police Pension Scheme £'000	Total £'000
2018/19			
Present value of the defined benefit obligation	(186,877)	(1,321,002)	(1,507,879)
Fair value of plan assets	136,722	0	136,722
Net liability arising from defined benefit obligation	(50,155)	(1,321,002)	(1,371,157)

Pensions Liability

The Pensions Liability which is disclosed on the Group Balance Sheet reflects the underlying commitments that the Chief Constable has to pay retirement benefits

Recognition of the total liability has a substantial impact on the net worth as recorded in the Balance Sheet. However statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy as actual pensions and commuted lump sums are being met directly by the Police Pension Fund Account, which is funded by the Home Office via the Commissioner. The year

2020/21 the Chief Constable will make a pension contribution of 31% for police officers and 17.8 % for police staff.

Reconciliation of the movements in the fair value of scheme (plan) assets

	Local Government Pension Scheme		Police Pension Scheme	
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000
Opening fair value of scheme assets	126,534	136,722	0	0
Interest income	3,448	3,455	0	0
Remeasurement gain / (loss)				
The return on plan assets excluding the amount included in the net interest expense	4,500	(11,394)	0	0
Contributions from employer	3,240	3,399	29,475	29,402
Contributions from employees into the scheme	1,501	1,552	5,879	5,792
Benefits paid	(2,385)	(2,001)	(35,354)	(35,194)
Other (if applicable)	(116)	(96)	0	0
Closing fair value of scheme assets	136,722	131,637	0	0

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 and Group accounts.

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

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Police Pension Scheme	
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000
Opening Balance at 1 April	(161,629)	(186,877)	(1,147,093)	(1,321,002)
Current service cost	(6,926)	(8,280)	(23,230)	(27,900)
Interest cost	(4,352)	(4,666)	(30,577)	(32,657)
Contributions from scheme participants	(1,501)	(1,552)	(5,879)	(5,792)
Remeasurement gains and (losses)				
Remeasurement gains/ (losses) arising from changes in demographic assumptions	0	5,538	0	21,207
Remeasurement gains / (losses) arising from changes in financial assumptions	(11,576)	(4,247)	(74,124)	(26,902)
Remeasurement gains/(losses) arising from experience	0	(13,214)	0	0
Past service cost (including McCloud)	(3,278)	(561)	(75,453)	(5,145)
Losses/ (gains) on curtailment	0	0	0	0
Benefits Paid	2,385	2,001	35,354	35,194
Closing balance at 31 March	(186,877)	(211,858)	(1,321,002)	(1,362,997)

Local Government Pension Scheme assets comprised :

	Fair value of scheme assets	
	2018/19 £'000	2019/20 £'000
Cash and cash equivalents	820	658
Equity instruments	94,475	96,372
Bonds	22,833	18,468
Property	18,594	16,139
Total Assets	136,722	131,637

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 about mortality rates, salary levels etc.

Both the LGPS and Police Officer pension scheme liabilities have been estimated by Mercer Human Resource Consulting (Mercer), an independent firm of actuaries, estimates for the LGPS Fund being based on the latest full valuation of the scheme as at 31 March 2018.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme		Police Pension Scheme	
	2018/19	2019/20	2018/19	2019/20
Mortality assumptions				
Longevity at 65 (60 for police scheme) for current pensioners				
Men	23.0	23.0	26.5	26.3
Women	25.7	24.9	28.4	28.4
Longevity at 65 (60 for police scheme) for future pensioners				
Men	25.2	24.5	28.4	28.5
Women	28.1	27.1	30.4	30.6
Other assumptions				
Rate of inflation	2.2%	2.1%	2.2%	2.1%
Rate of increase in salaries	3.7%	3.6%	3.7%	3.5%
Rate of increase in pensions	2.3%	2.2%	2.3%	2.2%
Rate for discounting scheme liabilities	2.5%	2.3%	2.5%	2.3%

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 and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In

practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Impact on the defined benefit obligation in the scheme	
	Increase in assumption £'000	Decrease in assumption £'000
Local Government Police Scheme 2019/20		
Longevity (increase or decrease by 1 year)	5,495	
Rate of inflation (increase or decrease by 0.1%)	4,642	
Rate of increase in salaries (increase or decrease by 0.1%)	963	
Rate for discounting scheme liabilities (increase or decrease by 0.1%)		4,542

	Impact on the defined benefit obligation in the scheme	
	Increase in assumption £'000	Decrease in assumption £'000
Police Pension Scheme 2019/20		
Longevity (increase or decrease by 1 year)	36,960	
Rate of inflation (increase or decrease by 0.1%)	27,497	
Rate of increase in salaries (increase or decrease by 0.1%)	5,748	
Rate for discounting scheme liabilities (increase or decrease by 0.1%)		26,902

Impact on the Group's 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 3 years. The triennial valuation was completed on 31 March 2018 and details of the future employers' rates are shown below:

Year	Employer rate
2020/21	17.8%
2021/22	17.8%
2022/23	17.8%

Police Pension Legal Challenge - Career Average Revalued Earnings (McCloud/Sargeant)

In June 2019 the Supreme Court passed judgment in the McCloud/Sargeant case that the transitional protection contained in the Judiciary and Firefighters Pension Regulations Reform gave rise to unlawful age discrimination. Subsequently the government announced that it accepted that the judgment applies to all the main public service pension schemes, including the Police Pension Schemes.

Although it may well take until 2021 for a final remedy to be determined, an actuarial estimation of the financial impact has been included as a past service cost and the potential impact to pension liability has been included in the Balance Sheet and the Comprehensive Income and Expenditure Statement for the years ended 31 March 2019 and 31 March 2020.

In respect of the Local Government Pension Scheme for Police Staff, as part of the triennial valuation the employer's contribution rate was increased by 1.2% from April 2020 to take account of the anticipated additional costs. For the Police Officer's Scheme, the valuation process is being initiated in 2020 with changes to the police officer pension employer's rate will not anticipated to be implemented until 2023/24.

Impact of Covid-19 on Police Staff Pensions

In a newsletter dated 31st of March 2020, Mercer confirmed that actuarial assumptions were set shortly after the year end – which meant that the impact of the market turmoil that accompanied the Covid-19 pandemic has been incorporated in their assessment. In March 2020 there have been substantial falls in equity markets that has affected the value of assets held under the funded Local Government Pension Scheme. As an unfunded scheme, this does not affect the Police Pension Scheme.

Over the same month, the market falls have also extended to corporate bond yields with AA bond yields rising by around 0.5% per annum. The discount rate used in the calculations have reduced from 2.5% for 2018/19 to 2.3% in 2019/20 which reflects the market conditions as at 31st of March 2020 which will have increased the liability for both the Police Officer and Staff Pension Schemes.

In a newsletter issued by Carmarthenshire County Council (our pension administrators) on the impact of the pandemic it was reported that asset values for its schemes had fallen by around 14% between December 2019 and March 2020. The full longer term financial impact of this on contribution rates will not be felt on budgets until the next valuation date i.e. 2023. In the short term, it is estimated that the ratio of assets to costs will have reduced from 100% to around 90% to 95% based upon the latest Local Government Pension Fund newsletter.

The outbreak of the Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial and property markets. Due to these market conditions, a material valuation uncertainty has been included in a year end valuation report for the Dyfed Pension Fund's pooled property investment fund. The specific wording included in the report is "As at 31 March 2020, RICS (Royal Institute of Chartered Surveyors) have advised there is currently material valuation uncertainty of UK Real Estate Funds due to market conditions."

The total value of this fund as at 31 March 2020 is £296.3m and Dyfed Powys Police' share of this fund amounts to £16.3m (5.5%).

36. 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 11 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 these have been reflected in the accounts. All other legal matters to date involving Dyfed-Powys Police have been dealt with in-house.

At this stage, the inquiry is not far enough progressed to reliably estimate future costs therefore no provision has been made in the 2019/20 Accounting Statements.

Dedicated Source Handling Unit On-Call Allowance Claims

The Chief Constable of Dyfed-Powys along with other Chief Constables have had claims lodged against them in relation to “On Call Allowance” under Regulation 34 Annex U Police Regulations 2003.

The claimants are serving, and/or retired police officers and are members of the “Dedicated Source Handling Unit (Covert Human Intelligence Sources)”. They claim that their roles require them to answer mobile telephones and deal with those who wished to provide covert intelligence to the police. They also claim to have supervised source handlers and these tasks required them to monitor their phones on a daily basis.

At this stage, liability has not been established and therefore it would not be appropriate to make a provision in the 2019/20 Accounting Statements. In addition it is not possible to provide a reasonable estimate of liability at this stage.

Concurrent Allowances

In November 2019 the Chief Constable received a number of claims from police staff in respect of claims for unsociable hours and night time allowances to be paid concurrently with overtime pay.

Staff are being represented by UNISON in this matter and no formal agreement on the existence of such entitlement has been reached. No liability has been established and no provision has been made in the 2019/20 Accounting Statements.

Evans and Ashcroft Injury Pension Deductions

In October 2018 the Court of Appeal found in favour of Evans and Ashcroft in a case concerning deductions against pensions attached to injury on duty awards. Such an outcome may increase pension liabilities. The force is not making any pension payments where such a deduction may have been applied and as such no provision has been made in these statements.

37. Nature and extent of risks arising from financial instruments

The Commissioner has adopted CIPFA's Revised Code of Practice on Treasury Management (2018 version) and complies with the Revised Prudential Code of Capital Finance for Local Authorities (updated in 2018).

As part of the adoption of the Treasury Management Code, the Commissioner approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Commissioner also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the Welsh Government's Investment Guidance for local authorities. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Commissioner's Treasury Management Strategy, together with his Treasury Management Practices are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

The main risks covered are:

- *Credit Risk*: The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Commissioner.
- *Liquidity Risk*: The possibility that the Commissioner might not have the cash available to make contracted payments on time.
- *Market Risk*: The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

Credit Risk

Investments

The Commissioner manages credit risk by ensuring that investments are placed with Banks and Building Societies having sufficiently high credit worthiness as set out in the Annual Investment Strategy. These include commercial entities with a high minimum long-term credit rating of A-, the UK Government, other Local Authorities, and organisations without credit ratings upon which the Commissioner has received independent investment advice.

A limit of £2m is placed on the amount of money that can be invested with a single counterparty (other than the UK government).

The Commissioner's maximum exposure to credit risk in relation to 'non-specified' investments of £40m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Commissioner's deposits, but there was no evidence at the 31 March 2020 that this was likely to crystallise.

The table below summarises the nominal value of the Commissioner's investment portfolio at 31 March 2020, and confirms that all investments were made in line with the Commissioner's approved credit rating criteria:

Counterparty	Credit Rating Criteria Met When Investment Placed?	Credit Rating Criteria Met on 31 March 2020?	Balance Invested as at 31 March 2020				Over 12 months £'000	Total £'000
			Up to 1 month £'000	> 1 month and < 3 months £'000	> 3 months and < 6 months £'000	> 6 months and < 12 months £'000		
UK Banks	Yes	Yes	0	1,998	0	0	0	1,998
Bonds	Yes	Yes	0	0	0	1,920	4,547	6,467
Money Market	Yes	Yes	1,000	0	0	0	0	1,000
Local Authorities	N/A	N/A	2,003	2,009	2,005	0	0	6,017
Total			3,003	4,007	2,005	1,920	4,547	15,482

The above analysis shows that all deposits outstanding as at 31 March 2020 met the Commissioner's credit rating criteria on the 31 March 2020.

Trade Receivables

The following analysis summarises the Commissioner's potential maximum exposure to credit risk, based on the experience gathered over the last five financial years on the level of default on trade debtors.

Only those receivables meeting the definition of a financial asset are included, i.e. debtors that have arisen as a result of trading activities.

	31 March 2019	31 March 2020
Gross Trade Debtors (£'000)	2,091	1,771
Bad Debt Provision as a % of Group Trade Debtors	2.45	13.0
Credit risk exposure	51	231

Liquidity Risk

The Commissioner has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Commissioner will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates.

The maturity analysis of financial liabilities is as follows:

31 March 2019 £'000	Loans maturing within	31 March 2020 £'000
207	Under 1 Year	227
207	Total Current Borrowing	227
227	1 – 2 years	257
818	2 – 5 years	896
684	5 – 10 years	358
0	10 – 15 years	0
0	15 + years	0
1,729	Total Long Term Borrowing more than 12 months	1,511

All trade and other payables are due to be paid in less than one year.

Market Risk

Interest Rate Risk

The Commissioner is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at fixed rates – the fair value of the assets will fall.

Price Risk

The Commissioner does not invest in pooled funds or equity shares and therefore is not subject to any price risk (i.e. the risk that the Commissioner will suffer loss as a result of adverse movements in the price of financial instruments).

Foreign Exchange Risk

The Commissioner has no financial asset or liabilities denominated in a foreign currency. It therefore has no exposure to loss arising as a result of adverse movements in exchange rates.

38. Trust Funds

Safer Dyfed-Powys Diogel is currently in a period of transition. At present, the Trust does not proactively fundraise and is utilising its existing balances to fund expenditure. The Trustees will be making a decision on how best the Trust can move forward in the future. 2020/21 is being planned as the progression phase for the charity, with some exciting options ahead.

The most recent set of accounts for the charity are in respect of the 2018/19 financial year and these were completed in January 2020.

During 2018/19, the Charity ran a small grants programme, looking to fund community projects that met the aims and objectives of the charity. A total of £6,791 was awarded to community projects across Dyfed-Powys. The charity received a total of £3,923 in donations during 2018/19, with funding being obtained from local organisations such as the WAAT4 challenge, Tinopolis and Llandysul Community Council.

Joint Annual Governance Statement 2019/20

Introduction and Scope of Responsibilities

The Police and Crime Commissioner and the Chief Constable are responsible for ensuring their business is conducted in accordance with the law, to proper standards and that public money is safeguarded, properly accounted for and used effectively, efficiently and economically. They also have a duty to make arrangements to secure continuous improvement in the way in which their functions are exercised.

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

This Statement explains how the Police and Crime Commissioner and Chief Constable have complied with the Code of Corporate Governance, which reflect the principles in the Chartered Institute of Public Finance and Accountancy's guidance (CIPFA) *Delivering Good Governance: Guidance Notes for Policing Bodies in England and Wales 2016 Edition*. It also meets the requirements of the Accounts and Audit (Wales) Regulations 2014 (as amended), in relation to the statement of internal control and the publication of the annual governance statement. The approach taken this year differs to that of previous in that this document sets out evaluation findings to governance arrangements and is supported by a matrix of evidence detailing how the Police and Crime Commissioner and Chief Constable demonstrate the principles and behaviours of good governance.

Principles of Good Governance

A joint Corporate Governance Framework <http://www.dyfedpowys-pcc.org.uk/media/9265/corporate-governance-framework-2020-21.pdf> comprises the systems, processes, culture and values by which both the Office of Police and Crime Commissioner and Dyfed-Powys Police will govern their activities, both jointly and separately. The Framework enables the Police and Crime Commissioner and Chief Constable to monitor achievement against the Police and Crime Plan and to consider whether they have led to the delivery of appropriate, cost effective services, including achieving value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot prevent all risk of failure to achieve policies, aims and objectives. It can only provide reasonable, rather than absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the organisations' aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.

The CIPFA/Solace Framework *Delivering Good Governance in Local Government* that covers policing bodies sets out the seven principles which underpin effective governance arrangements to ensure that the intended outcomes are defined and achieved. This Statement provides an assessment against each of these principles.

Dyfed-Powys response to the Coronavirus Pandemic

Whilst authoring this Statement the global pandemic of COVID-19 had reached the UK. The impact of the coronavirus pandemic on policing in Dyfed-Powys is at the time of writing this Statement, unclear. There is, however, an element of certainty that there will be significant cost implications to ensure that policing services continue to be delivered locally. Moreover, we must ensure that the service we provide meets reasonable public expectation as well as enforcing rapidly changing Welsh and British legislation to govern trade and commerce, retail and industry as well as general public movement.

Governance

A Gold, Silver and Bronze governance structure has been implemented that ensures dialogue with both the regional and national structures.

The Gold, Silver and Bronze command structures work in tandem with a Strategic Command Group, Tactical Command Group and the Local Resilience Forum. The local structure is supported by a number of sub-groups and cells that ensure decisions are informed, risk is managed, welfare is supported and learning is captured. The structure created within Dyfed-Powys informs an All Wales structure supporting Welsh Government, UK Government, the Cabinet briefing room and other organisations such as the National Police Coordination Centre (NPoCC). The Welsh structure informs National Gold and Silver structures to which the Home Office are central.

Decisions and actions made within the local governance structures as outlined above, are recorded and saved to a dedicated Share-Point site. Finance department is represented on Gold and Silver operational groups to monitor budgets and facilitate appropriate reporting and escalation (if appropriate) into Chief Officer Group and Policing Board.

In addition, the force, in line with best practice, has established Organisational Learning and Recovery Cells to plan and to deal with the aftermath of the pandemic. This will encompass any lessons learned, working practices to be maintained, prioritise and plan for the resumption of strategic projects and on-going staff welfare considerations. All governance meetings benefit from (virtual) attendance by personnel from the Police and Crime Commissioner's Office enabling transparency, accountability and scrutiny as well as an acute focus on serving the public.

All of the above has meant that many of the meetings within the "Force Executive" governance structure have to all intents and purposes, been temporarily suspended as a result of the force's need to respond to the Pandemic. A small number of key meetings such as the Corporate Governance Group, Strategic Estates Group and Finance, Efficiencies and Futures have continued to meet to ensure critical decisions pertaining to business as usual managed. Furthermore, any other matters that require urgent attention have been channelled through the Chief Officer Group meetings to ensure appropriate authorisation and/or approval. Part of the role of police, as well as the NHS and other key public sectors is to respond to major incidents that over time have been planned for and tested. The need to urgently implement complex operational procedures to enable a national emergency response meant that the force's and partner resources were focussed solely on ensuring good governance that supported our approach to the Pandemic.

Compliance with Corporate Governance Framework has been maintained with minimal changes required. The only change of note was to aid the Force in overcoming the challenges that all sectors across the UK faced with the sourcing and supply of Public Protective Equipment (PPE). Following a report to Policing Board, it was determined that the Force would adopt an emergency ordering procedure in relation to PPE and apply the Procurement Policy Notice 02/20 (PPN) in

relation to emergency provisions including direct award and retrospective procurement authorisation for a limited number of supplies. In the main, PPE supplies have been bought through existing public sector frameworks. The Force has been following the National approach in terms of this supporting suppliers for example by making quicker payments of outstanding invoices e.g. through BACS or EFT in some instances which has meant payment in advance of receipt to support some sectors and guarantee supplies of PPE. This is in accordance with the PPN.

Public Engagement

At the heart of policing and criminal justice are the communities we serve, the victims we support and the offenders we bring to justice. The manner in which we engage with people however, has inevitably had to change to ensure adherence to social distancing whenever possible. The Force took an approach that in so far as possible, sought to persuade people to observe social distancing and not to undertake unnecessary journeys. The approach of Dyfed-Powys Police can be summarised as:

- Engage with the public
- Explain why dispersal is vital to reduce the spread of the virus
- Encourage people to disperse and go home
- Enforce where necessary

Moreover, when on patrol or in double crewed cars, officers are required to observe social distancing themselves or to wear appropriate equipment to mitigate the risk of the spread of the virus.

To enable the PCC is to hold the police to account on behalf of the public, it is important for him to listen to, and understand the issues communities and individuals are facing in these unprecedented times. As such, the PCC has held a 'Virtual Community Engagement Day' for the Pembrokeshire area. This will be repeated every 3 weeks in different counties to ensure residents have the opportunity to share their views directly with the PCC.

The Force and OPCC has continued to respond to all correspondence and complaints received. Following the implementation of the Coronavirus Act 2020, Dyfed-Powys Police Professional Standards Department received a significant number of Coronavirus related complaints. However this did not lead to an overall increase in complaints, as a reduction in non-coronavirus complaints offset the total number of complaints received. The content of correspondence received in the OPCC is used to shape the PCC's communication with the public and partners and is fed into the Chief Officer Team when appropriate to address any issues as they arise.

Risk Management

The risk appetite upon which Corporate risks are assessed is currently set at 'Open'. This has not changed since the onset of the Pandemic. Information risks on the Information Risk Register are assessed within a more 'cautious' risk appetite. Risks associated with the coronavirus pandemic are managed within a new separate 'Op Talla' risk register. These risks are assessed using the BRAG assessment criteria.

Risks emerge from the Pandemic on a daily basis. These risks are dealt with at Gold, Silver and the 7 subordinate groups. Any of these risks could be addressed in as little as hours or days and activities to resolve, mitigate and manage are recorded within the actions of the Groups. The most significant risks are recorded in the 'Op Talla' risk register.

There is one risk on the Corporate Risk Register in relation to the coronavirus pandemic which considers *“the management of risks and uncertainties surrounding the coronavirus (COVID-19) and the consequential risk to the availability of policing resources required to deliver policing services in line with Police and Crime Plan priorities”*. This risk was mitigated by the establishment of the Coronavirus Gold Group and chaired by a Chief Officer.

In the first instance the Force worked with Public Health and other agencies to assist in mitigating the impact of the coronavirus pandemic on the communities of Dyfed-Powys. The following strategic objectives were established:

- Minimise the risk to the public by assisting Public Health to contain the spread of the virus and to support the contact tracing;
- Maximise, where practicable, the safety of our staff by providing advice and appropriate PPE where necessary;
- Ensure business continuity plans are in place to enable the police to continue to deliver a service to the public;
- To reassure the public by supporting Public Health guidance and Public Health messages;
- To ensure that community tension, information and intelligence is being effectively managed through existing structures
- To support Local Resilience partner agencies and the local communities of Dyfed Powys to mitigate the impacts of the virus.

The coronavirus pandemic has had an impact upon other Corporate risks, however these are carefully managed. Governance is provided by the Force Executive Board and Policing Board, with wider scrutiny from the Joint Audit Committee.

Business Continuity

The safety and well-being of the workforce have been absolutely paramount in the policing response. The COVID-19 pandemic has required the workforce to respond in an agile, flexible and responsive way. Business continuity plans have been tested and some brought into fruition to ensure continued delivery of policing services in Dyfed-Powys. Much of the workforce in back office functions are working from home with only a few working in offices that enable social distancing. Steps have been taken to ensure business continuity, resilience and critical service delivery. A few examples include the Force Contact Centre being split between two sites, reprioritising and allocation of IT equipment to essential roles, and resources being pooled to meet changing demand.

To enable informed decision making, data has been required in much more urgent timescales than previous. To meet this need, analysts from the fields of Force Intelligence Bureau (FIB), Performance and Demand and Continuous Improvement have been pooled (virtually) to enable the provision of real time data to inform decision making and response. Dashboards have been created and various scenarios modelled to enable preparation should the force experience high levels of abstraction or demand.

All of the above has accelerated the Force's agile working project as there have been numerous benefits identified in enabling so many personnel to work from home. Chief Officers and the Commissioner are working together to determine a Vision and supporting strategy that facilitates

greater use of home and agile working whilst also benefitting from improved productivity both at an individual and organisational level.

A report outlining the likely financial impact of the coronavirus pandemic was considered by Policing Board in April 2020 and this highlighted potential increases in direct costs, some savings and income losses. The position on additional funding from Government remains unclear at a National Level at this time, however the Force is reporting its additional costs to the Home Office on a monthly basis. Locally, a reserve was set aside to meet potential cash flow implications whilst the position on funding at a National level becomes clearer. As outlined in the Statement of Accounts narrative report, the Force and PCC's Office will be evaluating the longer term impact of the outbreak on future settlements/budgets, ongoing PPE requirements and income over coming months and work is already underway to update the Medium Term Financial Plan and budget for 2021/22.

Demand and Response

In terms of demand, in line with all other forces, Dyfed-Powys has experienced a statistically significant decrease in reported crimes. However, reports incidents of Anti-Social Behaviour had increased exponentially, primarily resulting from reports of breaches of lock down rules. To date, our ability to respond to these reports is good, particularly in view of the low levels of abstraction of our workforce. Ongoing monitoring of the position is reported through a variety of platforms to ensure sustained resilience to deal with demand. As lock down restrictions are eased, it is anticipated that police demand will resume to former levels recorded. Given the geography of Dyfed-Powys and the tourism industry that has thrived in previous years, it is also anticipated that this will require careful management and response, working in tandem with partners to meet expected increases to demand as the industry re-opens in Wales.

Strategic Planning

Detail as to the Force's approach to the Force Management Statement is provided below. Every effort has been made to ensure strategic planning and related Duties are met within the timescales originally set. To the credit of the agile nature, flexibility and commitment of many of our workforce, financial planning and reporting, the Public Sector Equality Duty, Strategic Equality Plan were all delivered within targets that were set pre-Pandemic. However, as a result of the need for the Force to respond with urgency to the emergency Pandemic, the Force Management Statement will not be made available to HMICFRS until Autumn of this year. This is wholly accepted by HMICFRS and is a position that is consistent with most Forces nationally.

Assurance

The requirement of workplace distancing inevitably impacted on internal audit as staff were sent to work from home and visitors kept away from site. The immediate reaction in March was to focus on business continuity and as such, audit activity was suspended. This however became a reasonably short term arrangement and by late May, engagement with internal auditors had resumed. Audits have since been conducted remotely using screen sharing, telephone and skype calls and document exchange via email. The 19/20 programme was substantially complete at the time lockdown commenced and whilst responding to the final stages in audit reports has taken a little longer than previous years it has since been completed in early July.

The 2021 programme was rearranged in May so to target those business areas best equipped to a remote audit and two audits have already been done with a third in progress. All of the force, office of the police and crime commissioner and the internal auditors have adapted quickly to the requirements of remote working and do not foresee any adverse impact on delivery due to alternative audit conditions.

HMICFRS Inspection activity also was suspended in light of all Forces needing to prioritise their response to the Pandemic and establish arrangements to address the major incident. HMICFRS has recently outlined to Chief Officers that Inspection activity will resume in autumn 2020 and are consulting with Forces to ensure proposed approaches are understood.

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Both Corporations Sole operate in an open and transparent way, with processes in place to support the core principle of ethics and integrity which are in accordance with the College of Policing's Code of Ethics. The Police and Crime Commissioner and the Chief Constable have policies and procedures in place that comply with the law and conform to appropriate ethical standards and standards of professional behaviour. Declarations of interests and registers of gifts and hospitality for both the Police and Crime Commissioner and Chief Constable are published and procedures are in place to enable any conflicts of interest to be recorded if required.

A review of police effectiveness, efficiency, legitimacy (PEEL) undertaken by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) in 2018 highlighted Dyfed-Powys as being 'Good' at encouraging ethical decision-making, with leaders promoting the force's Code of Ethics and setting an ethical tone. Training is provided for leaders which includes ethical dilemmas.

The Police and Crime Commissioner and the Chief Constable have a whistleblowing policy in place and a newly implemented and widely accessible Fairness at Work policy and process. It also has a programme of random drug-testing against substance misuse.

The Ethics Committee which meets quarterly includes representatives from both the office of the Police and Crime Commissioner and the force and benefits from having an independent chair from academia. It gets referrals from the workforce through the force intranet, which can be made anonymously. When it receives the referrals, the committee decides whether a topic constitutes an ethical issue. If it does, it commissions further research and obtains legal advice, if needed, to determine the response with escalation to the Force's People Board if deemed appropriate.

However, overall HMICFRS assessed Dyfed-Powys Police's legitimacy as 'Requiring Improvement'. Areas for improvement (AFIs) outline the following:

- The limited capability and capacity for counter corruption to effectively and fully monitor all systems to proactively identify breaches and misuse.
- A requirement to improve access to and transparency of the fairness at work procedures,
- The need to establish processes to identify any disproportionality in recruitment, retention and progression of the workforce together with fair and accessible promotion processes.

The recommendations have been closely monitored through the HMICFRS Governance Board within the force's governance structure. Indeed, to ensure sufficient importance was paid to

progressing areas for improvement as reported by HMICFRS, the meeting was elevated within the structure to become a Board meeting chaired by the Deputy Chief Constable. AFIs are assigned to individuals to progress and reports of such are made to the relevance governance meeting that has ownership of that business area. Once endorsed these are reported to HMICFRS Governance Board for consideration.

Dyfed-Powys was identified as a pilot force for the first tranche of PEEL inspections in 2020 albeit this has been postponed as a result of the coronavirus pandemic. It is hoped that the force's gradings will have improved since the last inspection in 2018 as much work has been undertaken to drive progress.

B. Ensuring openness and comprehensive stakeholder engagement

Effective public engagement is a statutory responsibility of Police and Crime Commissioners, who must seek the views of the community in order to act as the bridge between policing and the public. This engagement informs local policing priorities set by the Police and Crime Commissioner as detailed within the Dyfed-Powys Police and Crime Plan 2017-2021, to which the Chief Constable is held to account.

The Police and Crime Commissioner and Chief Constable regularly publish information on the Commissioner and Chief Constable's work and achievements through the respective websites, social media and local and national news reports. This includes the publication of an Annual Report, the Commissioner's bi-monthly newsletters, papers and minutes of public meetings, as well as records of any decisions taken by the Police and Crime Commissioner.

Public consultation is undertaken on an on-going basis to inform decision-making and support the Police and Crime Commissioner's scrutiny activity. Targeted consultation takes place for specific decisions such as the public consultation on the council tax precept and for scrutiny of force activity such as the use of force and their approach to tackling the use of illegal drugs. The Police and Crime Commissioner is scrutinised by the Police and Crime Panel which consists of members from local authorities who also consult their local communities and offer feedback to the Police and Crime Commissioner. Two primary responsibilities of the Police and Crime Panel are to review the precept level sought as well as approve the appointment of the Chief Constable and statutory roles within the OPCC.

'Connecting with Communities' is a priority within the Police and Crime Plan and whilst there is evidence of good practice, there has historically been a lack of co-ordination between force and Office of the Police and Crime Commissioner activity. This has been addressed through the establishment of a "Connecting with Communities Group" within the governance structure. The meetings are jointly chaired by the Chief of Staff within the OPCC and the Deputy Chief Constable for the force. The scope and remit of the Group has been set out within a Terms of Reference. It is envisaged that the meetings will facilitate the alignment of the Police and Crime Commissioner's and the Chief Constable's engagement strategies.

C. Defining outcomes in terms of sustainable economic, social and environmental benefits

The Police and Crime Plan is the five year corporate plan set by the Police and Crime Commissioner for delivery by the Chief Constable. In support of this, the Chief Constable developed a Delivery Plan, progress against which is reported to the Police and Crime Commissioner. The OPCC communicates activity to the public through the website and by various engagement activities such as the council tax leaflet which is sent to every household within the Dyfed-Powys area.

Improving the way it plans for the future is however an area for improvement for the force according to the HMICFRS PEEL inspection. There is a need for the force to have a better understanding of demand and what affects it, so that it can use its resources efficiently and plan for the future effectively. To that end, the force has revised its approach to producing the Force Management Statement (FMS) for 2020 to ensure it addresses some of the recommendations made by HMICFRS. The new approach to FMS has brought a centralised approach to the coordination of the document which is the force's strategic plan for the next year, with forecasted demand predicted for the forthcoming 4 years. The analysis of demand data both current and predicted is carried out centrally and business leads are required to apply professional judgement and expertise to the evidence base. The process is being overseen by a Chief Inspector within the Business Improvement Department of the force. It is anticipated that the approach taken this year will ensure more effective strategic planning that informs the Medium Term Financial Plan, Estates Strategy and Resource planning for the next few years. Vulnerabilities identified through this process will be monitored via the force governance structure and progress against each reported periodically.

In 2018, HM Government published two strategies, the first of which sought to tackle serious violence and subsequently a further strategy to tackle serious and organised crime. The Serious and Organised Crime strategy replaced the 2013 strategy which had introduced the Prevent, Protect, Pursue, Prepare (4xP) delivery framework. To meet with the requirements of the strategies, Dyfed-Powys Police launched its Serious Violence and Organised Crime Strategy 2019-21, named "Project Diogel". The multi-agency strategy sets out alignment of efforts to tackle serious violence and organised crime as one, cohesive system. The aim of the strategy is to tackle and reduce the level of Serious Violence and Organised Crime affecting the communities of Dyfed and Powys by working in collaboration to deliver better outcomes for our citizens. A key element of this strategy is to ensure a framework for connectivity between local delivery, intervention and strategic leadership. The Serious and Organised Crime Strategy requires Police and Crime Commissioners to develop Serious and Organised Crime Partnership Boards in their area to lead multi-agency work to disrupt and minimise harm from organised criminal groups. In Dyfed-Powys, Serious Violence and Organised Crime (SVOC) Boards have been established at both force and local levels.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes.

Detailed resource planning is carried out annually and published within the Medium Term Financial Plan. This assesses resource requirements based on appropriate assumptions to enable the Police and Crime Commissioner and Chief Constable to prioritise competing demands for services. This includes a 10 year Capital Programme that incorporates strategic investments in estates, fleet and IT.

Governance arrangements introduced during 2019/20 support robust decision making in order to achieve the required outcomes. The structure brings together a number of disparate meetings and provide a clear reporting line for decisions and actions to be taken. Governance arrangements had been predominantly led by Chief Officers however, in distilling down the number of meetings, chairmanship and decision-making has been devolved in many meetings to enable flexible and responsive action and better outcomes. Accountability is supported by the governance structure and processes in place. Mechanisms for performance monitoring remain under review to support evidenced based decision-making.

Within the structure, risks are managed and progressed during meetings as depicted within the Corporate and Dynamic Risk Registers; recommendations borne out of HMICFRS thematic and ad hoc inspections; along with any actions arising from the annually produced and forward looking Force Management Statement (FMS).

Learning the lessons is a fundamental mechanism to ensure continuous improvement to the delivery of an efficient and effective service that is dynamic and responsive to community need. A review of the Code of Ethics Committee has resulted in a more streamlined approach to how reports of potential ethical dilemmas are dealt with. This has resulted in many reports being referred to a more appropriate mechanism to enable the Committee to solely focus on ethical dilemmas rather than more general dissatisfaction.

There is a formal business case process whereby projects are considered and project boards are in place which monitor the implementation and achievement of agreed initiatives and plans.

Demonstrable progress has been made to explore opportunities to work in collaboration with others to increase efficiency and provide better, more resilient services. However, concerns have been raised in relation to governance arrangements relating to some regional police based collaborative activity and work is progressing through the Wales Audit Office Value for Money study which is focussing on this area. The report will be submitted to the Joint Audit Committee and any actions arising will be progressed through the appropriate meetings within the governance structure. Furthermore, to maintain appropriate focus on establishing good governance and financial management of all collaborative arrangements, the Corporate Risk Register has been endorsed accordingly. Finally, the Police and Crime Commissioner became the Chairman for the All Wales Policing Group in 2019 and in so doing, introduced a focus on good governance in the collaborative arena.

The PCC's Commissioning Advisory Board, which includes a member of the Police and Crime Panel, a member of the Joint Audit Committee and representatives from the Commissioner's volunteering schemes, has been embedded during the course of the year and plays an important role in focussing on scrutinising services and holding service providers to account. However, the Board have to date had little involvement in the awarding of grant funding or the tendering for services – an issue which has been highlighted by Internal Audit activity and will be addressed over the coming months. There has been more activity to evaluate commissioned services during 2019/20 and there is a plan in place to take this further in 2020/21, but this is yet to be a fully embedded process that ensures there is a clear understanding of the impact and return on investment of such services.

Most recently the force has undergone a procurement exercise for a new Records Management System (RMS) to address vulnerabilities within its internal IT infrastructure. Consideration has been given to the sustainability of the systems and opportunities to collaborate have been identified although not yet progressed. It is anticipated that the move to replace the existing infrastructure with a new RMS will require 18 months to 2 years before rollout will commence. Progress is reported

within the force governance structure and given the considerable financial implications, overarching responsibility for authorisation rests with the Police and Crime Commissioner.

In order to improve the force response to reports of Domestic Abuse, an area identified by HMICFRS as needing improvement, a Vulnerability Desk was launched on 1 April 2019. Located within the Force Control Centre it is resourced by 5 police officers and 2 support staff working 24/7. An exponential increase in the identification of DA Incidents was experienced together with significant improvement to accurate recording of crimes thereby improving crime data integrity. This approach has ensured that victims are appropriately identified, safeguarded and signposted to receive the necessary support. Furthermore, it ensured that the organisation had a better understanding of demand within Domestic Abuse and this inform our response.

Resulting from the above increase in crime identified, was the number of referrals to the Multi Agency Risk Assessment Conference (MARAC) (+150%) which risked the service provided to victims. To address this, a Secondary Risk Assessment Unit' (SRAU) was launched on 25th November 2019 in line with White Ribbon Day, resourced with 4 Risk assessors, 2 admin officers and MARAC Coordinator. The SRAU undertake a secondary, multi-agency risk assessment on all Domestic Abuse cases within a 24 – 48 hour period and will ensure that referrals to MARAC are appropriate and process Claire's Law applications in timely fashion. This is achieved through multi-agency 'Daily Discussions' conducted on Tuesday, Wednesday and Friday at specified times in each of the four Local Authority areas of Dyfed and Powys.

E. Developing the entity's capacity, including the capability of its leadership and individuals within it

The Police and Crime Commissioner and the Chief Constable have defined structures and roles within the organisations to enable effective leadership. This is supported by the Corporate Governance Framework which sets out the roles and responsibilities and is critical to enable delivery of the strategies and plans in place.

The Development Assessment Profile (DAP) replaced a previous performance system which was no longer meeting organisational needs. It was trialled in 2018 for part of the year and was formally launched in April 2019. Early indications suggest that many individuals have engaged with the new process with a completion rate of above 85% of the workforce is anticipated. This is a significant improvement on engagement with former systems and processes. A small number of refinements will be made to the DAP in preparation for April 2020 to further enhance the capabilities of it. It has been used in four promotion boards in the force to date and there are plans to build on this further. Embedding an efficient and effective process for individuals to record their evidence of work and for the force to be able to utilise this is an organisational benefit and can only increase over time with additional functionality and value.

The Organisational Transformational Leadership programme has supported a culture shift towards a coaching style and continuous improvement approaches within the force and office of the Police and Crime Commissioner. The continued roll out of this programme will ensure all officers ranked inspector and above and police staff equivalents receive training to further embed the ethos of transformational leadership.

Improved demand analysis, strategic workforce planning and future forecasting will enable recruitment and training to be undertaken so that the force's capacity remains appropriate and

sustainable to meet future demand. The approach to FMS further supports this and brings together the assessment of demand, workforce planning, budget setting and estates strategy to ensure robust strategic planning.

In 2019/20 the Force's Professional Standards Department (PSD) has continued to perform well in respect of complaint handling, particularly with regard to timeliness. This follows a pattern of continuous improvement over the last few years. In respect of the time taken to record complaint cases and to finalise cases by way of local resolution and local investigation, the latest data from the Independent Office for Police Conduct highlights that the force's performance is better than both the Most Similar Force (MSF) and national averages.

It is worth noting that on 1 February 2020 the Phase 3 Reforms to the police complaints and misconduct regime under the Policing and Crime Act 2017 came into effect. As well as simplifying the complaints system, the changes mean that Police and Crime Commissioners will have a greater role to increase independence and improve complaints handling. From 1 February 2020, if a complaint has been recorded under Schedule 3 of the Police Reform Act 2002 and an individual is unhappy with the outcome or handling of their complaint, they can submit an application for a review to the Police and Crime Commissioner for Dyfed-Powys. The review will consider whether the outcome of the handling of their complaint is reasonable and proportionate. In order to assist with undertaking such reviews, on a collaborative basis with North Wales and Gwent OPCCs, the PCC has engaged an external company to consider any reviews in the first instance who will then make recommendations for his consideration. Furthermore and finally, an entirely new Independent Office for Police Conduct (IOPC) performance framework is in the process of development.

The Professional Standards Department hold bi-annual meetings with the IOPC liaison officer during which, the force is held to account for performance in relation to complaint and conduct handling. In 2019/20 there were no significant recommendations from the IOPC.

F. Managing Risks and Performance through Robust Internal Control and Strong Public Financial Management

There is an embedded risk management culture across both organisations and at all levels, with robust processes in place to ensure that risks are identified and monitored via corporate and dynamic risk registers. The consideration of risk is a standing agenda item on all boards across the force, and they are regularly reviewed both at Force Executive Board and Policing Board. The Joint Audit Committee oversees risk management arrangements and provides advice and guidance on a regular basis.

Force assurance arrangements comprise of the three lines of defence. The first line of defence being supervisory responsibility; the second line of defence being dip sampling and quality assurance checks carried out by management and internal audit; and the third line being independent assurance through scrutiny at the governance boards, Office of the Police and Crime Commissioner, and external audit and other inspectorates.

The system of internal control is a significant part of the Corporate Governance Framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives. It can only provide reasonable, and not absolute, assurance of effectiveness. Findings of the annual review of the system of internal control are considered by the Commissioner and Chief Constable and independently reviewed by the Joint Audit Committee (JAC).

Financial management leadership training has been provided to all non-finance managers to enhance arrangements to robust budget management, ensuring cost effective decision making at the most local level. The action was part of a package of measures to improve financial management practices across the force. External training was evaluated but not deemed cost effective. Instead an in-house programme was created which amounted to a 2.5 hour presentation in a class room setting. Between May and September 2019 all Superintendents, Assistant Directors, selected senior managers including personnel from the OPCC and selected Chief Inspectors have been trained. Benefits realised are that the force is not overspent this year. Up to February 2020 the overtime budget, which was the source of much of the overspend previously, was significantly underspent and in control. This approach, in combination with new style monthly budget reports, has arguably allowed for greater control of costs and more effective budget management.

Governance arrangements support timely and targeted performance and financial management monitoring at various levels of the organisations. In discharging his statutory responsibilities, the Police and Crime Commissioner publicly holds the Chief Constable to account for force performance at the quarterly Policing Accountability Board, where he constructively challenges and encourages debate on operational performance.

As a result however, of the coronavirus pandemic, the force's "business as usual" governance meetings have been suspended as a governance structure in support of police response to the pandemic was established. Business as usual meetings were postponed or rearranged and indeed many were cancelled owing to a lack of need for them to be held. This however, provided opportunity for a review of the governance arrangements to bring greater synergy with the Op Talla (pandemic) governance structure as well as improve efficiency and communication between meetings when they resume fully.

HR and financial data is reported to monthly Policing Board meetings whereby the Police and Crime Commissioner can ensure organisational performance is satisfactory, and hold the Chief Constable to account where improvement is required.

In addition to these arrangements, the Police and Crime Panel hold the Police and Crime Commissioner to account for discharging his statutory responsibilities on a quarterly basis. The force and OPCC have worked closely to ensure the products developed to service each of the Commissioner's Boards are fit for purpose and provide him and Chief Constable with sufficient information to understand force performance both organisationally and operationally.

Most recently, the force has been faced with a backlog of Data Protection work. This is of concern as some of the requests for information are subject to legislative timeframes, some are associated with safeguarding matters, some are subject to direction of courts such as CAFCASS and Court Orders etc. The backlog has arisen as a consequence of a number of factors. In order to alleviate the situation an action plan has been set in place. The action plan includes reviewing processes, establishing whether it would be more appropriate for some requests to be dealt with elsewhere. Updates in respect of this Plan will be made to the Policing Board regularly.

Furthermore, as part of the programme of Internal Audit, two reports were received in the period that received Limited assurance. These related to Grievance Reporting and Management and Data Assurance – MOPI & PNI. The Grievance Reporting recommendation represents a lack of documentation to evidence processes and procedures, as well as a lack of ongoing internal quality assurance. The data assurance recommendations were focussed around the volume of MOPI data and the duplication and inconsistencies identified therein. Significant corrective action is in progress

to address the issues known and identified. Root cause solution to the recommendation is a single records management system which RMS once in being, will address. All recommendations have been accepted and practices improved. Ongoing monitoring and scrutiny of progress will be carried out by the Audit Governance Group.

Whilst arrangements are in place to monitor performance, it was identified in the last AGS and also through HMICFRS inspection activity that there was scope to improve our understanding of business benefits. In order to bring together the examples of good practice within business realisation plans and to embed these throughout the organisation, thus ensuring that decisions are made based on accurate and robust information, a Business Benefits Officer has been appointed. The individual commenced in post in March 2020 and it is anticipated that this will ensure a coordinated approach to benefits realisation is adopted force wide.

G. Implementing good practices in transparency reporting and audit to deliver effective accountability

The Police and Crime Commissioner and the Chief Constable ensure that decision-makers involved in service delivery are accountable to them through the governance arrangements in place in both organisations. Both of their websites publish information which is pertinent to the public and stakeholders in line with legislation. For the second year running, the Commissioner has been awarded the Transparency Quality Mark by Comparing Police and Crime Commissioners (CoPaCC), a national organisation which monitors police governance, in recognition for the level and breadth of information contained on the website.

Decisions made by the Police and Crime Commissioner are published on his website in a timely manner and publically reported to the Police and Crime Panel for their scrutiny on a quarterly basis.

The Joint Audit Committee advises on the annual programme of internal audit and produces an annual report summarising key findings of all audit activity and outcomes. Recommendations for service improvements are acted upon and reported to the Committee, although there remains concern in relation to the timeliness of progressing actions. Arrangements have been in place for Internal Audit activity findings to be monitored by a joint group within the governance structure however, as the meeting's remit was to also oversee business as usual auditing/quality assurance, the scope and remit of the Group has been reviewed. The remit of the newly launched Audit Governance Group will be to monitor progress against Internal Audit Recommendations (TIAA) only for the first 12 months. Following this, the scope of the Group will be reviewed again and should the requirement be to extend the remit to other internal quality assurance, it will be considered. The Group remains a jointly chaired meeting by the Chief of Staff within the OPCC and Assistant Director of Finance within the force. It is anticipated that this will bring enhanced accountability to the progression of actions.

Inspection and audit activity from external scrutiny bodies including the Wales Audit Office and HMICFRS continue to drive business improvement. Recommendations are duly considered and implemented where appropriate. HMICFRS outputs are monitored through the HMICFRS Governance group Chaired by the Deputy Chief Constable. This approach has resulted in a number of recommendations being discharged by HMICFRS.

Finally, the Joint Audit Committee have brought added value in discharging their responsibility of independent scrutiny and opinion on reports received from Wales Audit Office, HMICFRS Recommendations and Risk Identification and Management.

Review of Effectiveness

The Chief Constable and Commissioner have responsibility for conducting, at least annually, a review of the effectiveness of their governance framework including the system of internal control. The review of effectiveness is informed by the work of the Corporate Governance Group, senior managers within the organisations who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report and also by comments made by the external auditor and other review agencies and inspectorates. The Corporate Governance Group is predominantly responsible for the review of governance, with actions being reviewed by the Joint Audit Committee. The Chair of the Joint Audit Committee sits within the Corporate Governance Group.

The Corporate Governance Group met four times in the last year to collate evidence and assess progress against a matrix of evidence designed to demonstrate the Policing Services' compliance with the Core Principles. This matrix forms the evidence base for this Annual Governance Statement.

In the most recent meeting in February 2020, the Corporate Governance Group met to review governance arrangements and during this meeting it was determined that the timeliness of progressing Internal Audit recommendations should be placed within the remit of the Audit Governance Group.

In accordance with regulation, the Police and Crime Commissioner and the Chief Constable, having noted the advice of the JAC, have reviewed the effectiveness of its internal audit service. The service has complied with all Public Sector Internal Auditing Standards (PSIAS).

The primary role of Internal Audit is to give an assurance to the Commissioner and Chief Constable on the effectiveness of the controls in place to manage risks. To this end the internal auditor delivers an annual opinion of the effectiveness of the controls reviewed by the internal audit team during the year. This annual opinion, set out in the annual report of the Internal Auditor, is one of the key sources of evidence in support of the Annual Governance Statement. The Head of Internal Audit's Annual Opinion for 2019/20 is as follows:

TIAA is satisfied that, that sufficient internal audit work has been undertaken to allow me to draw a positive conclusion as to the adequacy and effectiveness of The Police and Crime Commissioner's and the Chief Constable's risk management, control and governance processes. In my opinion, The Police and Crime Commissioner and the Chief Constable have adequate and effective management, control and governance processes in place to manage the achievement of their objectives for the areas reviewed during the year.

This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by the Office of the Police and Crime Commissioner for Dyfed-Powys and the Chief Constable Dyfed-Powys Police from its various sources of assurance.

The Wales Audit Office issued unqualified audit opinions in respect of the 2018/19 accounts to both the Commissioner and Chief Constable, and were satisfied that the Commissioner and Chief Constable had appropriate arrangements in place in the year to secure economy, efficiency and effectiveness in their use of resources. The WAO will be conducting the audit of the Statements in the coming months and the overall opinion will be provided once complete.

Both the Police and Crime Commissioner and Chief Constable have complied with the new statutory requirement for closure of accounts to be finalised by the end of July. The reduced deadline has significantly impacted timescales for the production of the statement of accounts and annual governance statement, however these have been adequately prepared for and delivered against.

A summary of the actions that have been completed or discharged, as were listed within the Annual Governance Statements for 2017/18, 2018/19 and 2019/20 is provided below:

	Actions 17/18	Progress
1.2	Complete the Historic Areas for Improvement included in HMICFRS Police Efficiency Effectiveness and Legitimacy (PEEL) inspections to improve the grading across the four strands.	Complete: The force 17 historic recommendations relating to undercover policy. These cannot be discharged until a further ROCU inspection is carried out. None of these present a risk to the force. Close scrutiny and oversight of all HMICFRS recommendations is maintained by the HMIC Governance Board Chaired by the DCC mitigating the requirement for this Annual Governance Statement to retain these as an action.
1.3	Establish and publish a plan of our own audit of processes and systems and compliance testing. Link corporate governance action plan to risk register.	Discharge (amalgamated 1.3, 2.1 and 3.9 in Next steps below): A review of the jointly chaired Audit Governance Group has resulted in distilling of the Terms of Reference for the Group to solely focus on progress against Internal Audit Recommendations. After 12 months the scope of the Group will be revisited to incorporate risk and wider audit and compliance if deemed appropriate.
	Actions 2018/19	
2.1	Establish and consistently embed audit and quality assurance mechanisms to drive up data quality and improve the force's approach to information management	Discharge (amalgamated 1.3, 2.1 and 3.9 in Next steps below): Niche RMS is being procured by the force and this will bring enhanced data quality across police systems. Processes to quality assure will form part of the rollout of Niche and will be considered at an appropriate time. A systematic approach to nominal matching is underway to improve data quality and prepare for migration to Niche RMS. The revised Terms of Reference for the Audit Governance Group will bring focussed accountability to Internal Audit Recommendations.
2.2	Improve financial management arrangements to ensure early identification of financial	Complete: The Finance Gold Group has been dis-established and all responsibility brought into the Finance, Efficiency and Futures Board within the

	pressures to facilitate robust mitigation plans.	organisational governance structure. All actions resulting from the Gold Group were completed. FMS will further support the organisation's ability to identify pressures in terms of demand at an earlier opportunity thus enhancing the ability to forecast financially for this.
2.3	Undertake a review of governance structures to ensure effectiveness and robust accountability and communication.	Complete: following an input to the Force Executive Board where agreement was reached of the amendments to be made to the governance structure following a detailed review, these have been implemented and will now be subject to ongoing review as part of business as usual.
2.4	Establish and embed assurance mechanisms to compliment and support force audit and assurance activity, providing independent, public focussed scrutiny of performance	Complete: Scrutiny deep dives and scrutiny panels are embedded. Public feedback is used to focus future scrutiny themes. An enhanced scrutiny framework has increased the OPCC's variety of assurance mechanisms, involving wider stakeholders including the public.
Actions 19/20		
3.7	Embedding of the Development Assessment Profile (DAP) within the organisation	Complete - The current DAP reporting year was due to end on 31 March 2020, but has been extended owing to operational pressures arising from COVID-19. Many individuals have engaged with the new process. The completion rate for the interim review stage was reported as 84%. DAP will continue for the year April 2020 to March 2021, with some minor refinements and improvements.
3.9	Timeliness of actioning Internal Audit recommendations	Discharge (amalgamated 1.3, 2.1 and 3.9 in Next steps below): A review of the jointly chaired Audit Governance Group has resulted in distilling of the Terms of Reference for the Group to solely focus on progress against Internal Audit Recommendations. After 12 months the scope of the Group will be revisited to incorporate risk and wider audit and compliance if deemed appropriate.
3.11	Purdah for elections of Police and Crime Commissioner – relationship management and ensuring fairness and equity.	Complete: PCC elections have been postponed until 2021, mitigating the requirement to keep this as an action for 19/20.

A summary of the actions that remain in progress within the Annual Governance Statements for 2017/18, 2018/19 and 2019/20 is provided below:

	Actions 17/18	Progress
1.1	Consider sustainable development principles for all key developments as part of a new front door process for ideas, business cases and future planning	In progress: As part of the review of governance arrangements, a Change and Transformation Group was established to bring together the remit of a number of former governance meetings. It is expected that this Group will act as the front door to all new ideas that bring changes to process, innovate or collaborate. The Group is in its infancy and it is expected that over the course of 2020/21, it will work in tandem with the outputs of FMS to improve efficiency of our organisations.
	Actions 19/20	
3.1	Capability and capacity to counter corruption effectively and fully monitor systems to proactively identify breaches and misuse	In progress: An action plan to drive improvement was developed. Many actions are complete. In recognition of the level of demand placed on ACU, the Chief Officer Group agreed for an uplift in the Unit. This will consist of one or two staff member/police officers. Furthermore, increased use of the internal referral system "Bad Apple" demonstrate a growing confidence in the system. Finally improved partnership working with outside agencies has ensured improved methods of identifying and addressing misuse.
3.2	Accessibility and transparency of a number of HR processes	In progress: A new force policy template will align policy content to organisational objectives, which will in turn lead to a consistent approach to decision making. Work is underway to update all existing policies and to create new guidance documents to accompany the policies. It is envisaged that it will be complete during Summer 2020.
3.3	Co-ordination of engagement activity between the Office of the Police and Crime Commissioner and force	In progress: The governance structure has been revised and introduced a Connecting with Communities Board that is jointly chaired by the force and OPCC. As part of the Group's remit, it will seek to identify all existing touch points for community contact with police and further develop these to a coordinated approach to community engagement.
3.4	Improved understanding of current and future demand to support future planning and inform organisational strategy	In progress: A revised approach to the Force Management Statement has been taken to ensure a better understanding of demand to our organisation, both current and predicted. This evidence base and analysis will be combined with professional judgement to form the basis of a more robust strategic planning tool that will inform financial and workforce planning.

3.5	A more structured and consistent approach to learning from problem solving, mistakes and lessons learned.	In progress: A Problem Solving Steering Group was established to increase accountability for problem plans. A POP Coordinator was appointed. Platforms to cascade the learning have been created. POP on a page is being developed in order to share practice. ARDAL is able to store crime prevention initiatives that have been used and evaluated. Joint problem solving training is being arranged with partners. There are 28 Problem Solving SPOCs across the force area.
3.6	Governance and financial management of collaboration arrangements.	In progress: WAO review will report to All Wales Policing Group in March followed by consideration by the JAC. Financial governance arrangements need to be revisited. Timely and financial reporting requires improvement.
3.8	Improved understanding of business benefits	In progress: A Business Benefits Officer has been appointed and commenced in role on 9th March 2020. It is anticipated that after a period of embedding, this role will ensure the central coordination, identification and recording of business benefits particularly aligned to FMS and strategic planning.
3.10	Evaluation of commissioned services	In progress: Plans are in place to undertake further evaluation activity during 2020/21 which needs to become a fully embedded process that ensures there is a clear understanding of the impact and return on investment of such services. This further supports the work undertaken through the OPCC Commissioning Board which provides a greater level of scrutiny of commissioned services.

Next steps

	Actions 20/21	Owner
4.1	Monitor operational response to the coronavirus pandemic locally with specific focus on impact to delivery of services and costs associated.	ACC
4.2	Establish and monitor a recovery plan in order to identify new and improved organisational and operational delivery of services and to understand lessons learnt from our response to the coronavirus pandemic.	ACC
4.3	Monitor strategy and approach taken to reintroduce and implement ongoing and new strategic projects as determined on the Capital Plan	DOF/CFO
4.4	Set out the process by which the Business Improvement and Information Management Department carries out its audit functions which aim to drive improvement to data integrity. Ensure that where gaps are identified through HMIC inspections, Force deep-dive activity and the FMS, these are monitored and addressed through the appropriate mechanisms.	Ch Supt Business Improvement and Information Management
4.5	Undertake a review of governance arrangements, ensuring synergy between the “business as usual” governance structure and the Op Talla governance structure as well maximising opportunity to bring greater efficiency, flow of communication and authorisation in line with the Corporate Governance Framework.	DCC
4.6	Purdah for 2021 elections of Police and Crime Commissioner – relationship management and ensuring fairness and equity.	COS, OPCC

Opinion

No statement of internal control can provide absolute assurance against material loss; this statement is intended to provide reasonable assurance.


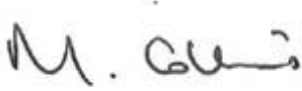
On the basis of the review of the sources of assurance set out in this statement, we are satisfied that the Police and Crime Commissioner and Chief Constable had in place satisfactory governance arrangements, including appropriate systems of internal control and risk management which facilitate the effective exercise of functions.




Conclusion

The review of governance arrangements for the Police and Crime Commissioner and Chief Constable over the last year has identified a number of areas of Policing Services that, if achieved,

would demonstrate enhanced accountability, transparency and effective working arrangements as well as strengthening further the governance arrangements in place.

The Commissioner and Chief Constable are committed to a process of continual improvement of governance and will take steps to address the areas for improvement identified. These are identified within the actions listed above and will continue to be monitored throughout 2020/21 as they remain valid and of concern. The monitoring of their implementation and operation will form part of the next annual review.

	
Signed	Signed
Dafydd Llywelyn	Mark Collins
Police and Crime Commissioner	Chief Constable
Date: 2 nd September 2020	Date: 2 nd September 2020

		
Signed	Signed	Signed
Edwin Harries	Beverley Peatling	Carys Morgans
Director of Finance	Chief Financial Officer, OPCC	Chief of Staff and Monitoring Officer
Date: 2 nd September 2020	Date: 2 nd September 2020	Date: 2 nd September 2020