



HEDDLU  
GWENT  
POLICE

# CHIEF CONSTABLE FOR GWENT

## STATEMENT OF ACCOUNTS

2023 | 2024



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# Narrative Report

## Introduction

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

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

## Statutory Framework for the Financial Statements

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

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

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

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

## Statement of Accounts

The Chief Constable's Statement of Accounts for the financial year ended 31<sup>st</sup> March 2024, which is in accordance with the Code in the United Kingdom 2023/24, consist of:

- **Narrative Report** – which provides an introduction to the Statement of Accounts and highlights significant matters reported in the Accounts;
- **Independent Auditor's Report** – which confirms the opinion of the auditor as to whether the accounting statements give a true and fair view of the financial position of the Chief Constable, and have been properly prepared in accordance with the Code;
- **Statement of Responsibilities** – which sets out the respective responsibilities of the Chief Constable and the Assistant Chief Officer – Resources, in respect of the Statement of Accounts;
- **Financial Statements:**
  - **Comprehensive Income and Expenditure Statement (CIES)** – this shows the accounting cost in the year of providing services in accordance with International Accounting Standards (IAS) rather than the amount funded from Government grants and taxation;
  - **Balance Sheet** – this shows the value of the assets, liabilities and reserves (net worth) of the Chief Constable as at 31<sup>st</sup> March 2024;
  - **Police Pensions Account** – this provides information about the financial transactions in respect of the Police Pension Schemes. Each individual Chief Constable is required by legislation (Police Pension Fund Regulations 2007) to operate a Pension Fund using monies provided by the Commissioner; and
  - **Notes to the Financial Statements** – these provide further analysis and explanations on items of income, expenditure, assets and liabilities within the main accounting statements detailed above.

No separate Expenditure and Funding Analysis (EFA) is presented for the Chief Constable as it would provide an incomplete picture of the required disclosures. The Group EFA is presented on page 11 of the Police and Crime Commissioner for Gwent Group

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

### **Financial Performance of the Chief Constable**

The following summary provides an overview of the financial position and performance of Gwent Police for the year ending 31st March 2024.

#### **Revenue Income and Expenditure**

The net revenue budget requirement for the year of £161.587m was approved by the Commissioner on 3<sup>rd</sup> February 2023. After the Home Office Grant of £62.520m, Revenue Support Grant of £25.877m and National Non-Domestic Rates of £0.191m, the amount to be collected from Council Tax was £72.998m. The majority of this gross budget is attributable to policing services under the direction and control of the Chief Constable and is equal to that of the Police and Crime Commissioner Group, less the cost of administering the Office of the Police and Crime Commissioner.

The CIES shows the total cost of policing services of £175.972m (2022/23: £194.530m). Adjusting this figure for corporate costs, changes in future pension liabilities, and other appropriations and contributions excluded from the cost of services, produces total operating expenditure for the Chief Constable for the year of £227.275m (2022/23: £239.944m). The total amount of operating expenditure is fully funded by the Commissioner by way of an intra-group transfer, leaving a £nil balance within the accounts of the Chief Constable.

The underlying performance of the Police and Crime Commissioner Group for the year ended 31<sup>st</sup> March 2024, which the Chief Constable is part of, before all statutory and funding basis adjustments, was a break even position. This position is after recurrent savings through the acceleration of efficiency schemes via the Force's Service Improvement Programme and savings against demand-led budgets.

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

#### **Pensions Liability**

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

The impact of an increase in scheme liabilities as a result of the McCloud/Sargeant ruling on claims of unlawful discrimination arising from the Transitional Provisions of the Police Pension Regulations 2015, will be measured through the valuation process which determines employer and employee contribution rates. The Police Pension valuation took place in 2020 with the implementation of the results scheduled for 2024/25. The impact of an increase in annual pension payments arising from McCloud / Sargeant is determined through The Police Pension Fund Regulations 2007. These require the Police and Crime Commissioner to maintain a police pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have enough funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the Police and Crime Commissioner in the form of a central government top-up grant. The estimated impact of the McCloud/Sargeant ruling has been reflected in the past service costs, notional scheme liabilities and IAS19 disclosures of both pension schemes since 2019/20.

The estimated net liabilities for both schemes increased over the year from £1,118.1m to £1,151.8m, an increase of 3.0%, which was mainly due to changes in actuarial assumptions. The unrealised net losses or gains for the year on both schemes have no direct impact on the cost of services in the Comprehensive Income and Expenditure Statement and the notional liability is recognised in the Balance Sheet only.

Following a revaluation of public sector pensions, police forces are facing increased police officer pensions costs of around £330m per annum from 2019/20 onwards. As part of the 2016 Pension Valuation, HM Treasury have announced Public Sector Pension Valuation 'Directions', which serve to increase the Employer's Contribution rate from 2019/20 for Public Sector Pension Schemes (including the Police Pension Scheme). The main change is the reduction to the 'discount rate', which is used to convert future pension payments into present day value. This rate reflects the Office for Budget Responsibility's view on the national economic outlook, which in turn reflected a particularly uncertain period prior to Brexit. There remained an overall shortfall of funding from Government of around £13m nationally at the time. With Police Officers and Police Staff receiving a 2.5% pay award in September 2020, coupled with a significant number of Gwent Police Officers being new to the Police Service and therefore receiving pay increments, the estimated pension shortfall (assuming flat cash pension grant) has risen by £0.8m to £3.5m in 2023/24 and again to £4.5m for 2024/25. This shortfall has been met from a contribution from reserves and committed funds and not from Council Tax Precept in 2022/23. We have assumed in future years' forecasts that the Specific Pension Grant will be recurrently provided to meet the recurrent pension costs, but this is not yet certain.



## Looking Ahead

Going forward there are a number of longer term funding issues that need to be addressed as part of the Medium Term Financial Plan (MTFP) process covering the five year period from 2024/25 to 2028/29. These include, but are not limited to:

- Long term implications of global events;
- Inflation and the national cost of living crisis, particularly the ongoing cost of energy and building materials;
- The increasingly complex and evolving nature of demand from local communities;
- UK government changes and the impact on future funding, including Police Funding Formula Changes;
- Maintaining officer numbers under the Police Uplift Programme (PUP) and ongoing PCSO funding;
- Delivering on sustainable policing through technology, transport and infrastructure; and
- Achieving the “Greener Gwent” sustainability strategy.

The Final Policing Settlement published by the Home Office (HO) in January 2023/24 represents the final year of the Comprehensive Spending Review published in October 2021 (CSR 2021). The UK Government’s Policing Settlement has provided an additional £6.4m to Gwent for 2024/25 to maintain police officer numbers, fund everyday pressures such as pay awards, and provide limited investment in specific complex crimes. However, the growth in core grant is only 2.06% year on year and effectively means a real terms cut in funding for day to day policing services for 2024/25. Also, by providing the vast majority of these increases as ring-fenced grants rather than core policing grant, risks remain that funding can be removed or provided on a flat cash basis in future years. Any future shortfalls would therefore need to be funded locally. In addition, the Welsh Government has also had to manage its own budgetary pressures which has resulted in the loss of substantial funding for specific programmes in Welsh forces, including Police Community Support Officers and the School Liaison programme. These funding pressures have been absorbed through 2024/25 budget savings and council tax increases but places a greater risk to operational performance, inflationary pressures and above all public safety and confidence in 2025/26 and beyond. As a result, remedying previous real-terms disinvestment in the Service by Government and meeting future everyday pressures such as pay awards and inflation; new service pressures to tackle more complex crime; and unavoidable cost increases, will fall to realising cashable efficiency savings locally or the Council Tax Precept.

The CSR 2021 was silent on the HO review of the Police Funding Formula which continues to provide additional future financial uncertainty. The current formula is out-dated, overly complex, opaque and in need of review. Following several ‘false starts’ to the review process between 2015 and 2020 as a result of Brexit negotiations, ‘snap’ General Elections in 2017 and 2019, and the significant increase in the threat of terrorism, the implementation has been delayed. In the late Summer of 2021 however, the review re-commenced under significant academic rigour; a robust governance structure; and a challenging timetable in the early months. Previous indications in 2015 of the impact on Gwent showed a potential cash cut in Central Government funding of £6m-£10m and an assumption that any new formula would be phased in over time. However, because of a lack of information on progress and the age of the estimated impacts, any potential loss of future funding has now been removed from the MTFP until the position is clarified by the Home Office. The funding formula does remain one of the factors reflected in the financial position risk included in the organisational risk register for the Chief Constable and the Commissioner.

In order to provide the suitable infrastructure (buildings, vehicles, ICT) to support the investment in Police Officer numbers, Police and Crime Commissioners need access to capital financing. With no specific Capital Grants forthcoming from Central Government; limited options for capital receipts from asset sales; Reserves and Committed Funds depleted; and borrowing becoming increasingly unaffordable; the only feasible option is direct financing from revenue budgets. This means the revenue budget will be under more pressure to contribute either through a revenue contribution to capital or through new borrowing costs. This creates inherent risks, particularly when financing short-life assets such as vehicles and ICT (which do not lend themselves to long-term borrowing); interest rate exposure; and public perception on how the council tax precept is spent to provide the infrastructure to support the front-line. The MTFP continues to invest in the capital requirements of the Force to enable officers and staff to deliver more effective and efficient services. This capital programme includes the delivery of the “Greener Gwent” sustainability strategy, investing in electric vehicles and charging infrastructure, and solar panels to reduce the Force’s carbon footprint. The capital programme for 2024/25 remains substantial at £19.8m and will be funded partly from revenue budget contributions and reserves. The remainder of funding for the capital programme will increasingly be from long term borrowing, increasing budgetary pressures from financing and interest costs in future years.

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

Against these pressures, Gwent Police continues to be proactive in responding to the Government’s austerity programme, by seeking to address Home Office efficiency requirements, deliver service improvement through transformational change to meet current and future demand, and deliver efficiency savings. As part of CSR 2021, the Government will expect to see over £100m of cashable efficiency savings delivered from force budgets by 2024/25. To the end of 2023/24 therefore, Gwent Police has delivered cumulative recurring cashable efficiency savings of £54.914m. This has been achieved through the ongoing success of the Continuous Improvement Programme (previously Staying ahead programme); which over recent years has become core Force business within its Continuous Improvement Department. In addition, Her Majesty’s Inspectorate of Constabulary and Fire & Rescue Services’ (HMICFRS) Value For Money (VFM) Profiles are a key tool in indicating potential areas for saving schemes’ opportunities.

After reflecting the 2023/24 Final Settlement; the estimated impact of the Police Funding Formula review; the costs of long-term borrowing; and further funding pressures, in March 2024, at the conclusion of the 2024/25 budget setting round and after delivering a further £0.698m of savings along with further reserve movements, the MTFP presented a balanced budget for the 2024/25 financial year. However, the level of reserves required to achieve this balanced position is not sustainable and the recurring funding deficit for 2028/29 was forecast to be £15.096m. Even after known savings there remains a net funding deficit

after efficiencies of £12.744m by 2028/29. Substantial work continues in 2024/25 to identify additional, recurring efficiencies to meet future everyday pressures such as pay awards and inflation; new service pressures to tackle more complex crime; and unavoidable cost increases falls to realising cashable efficiency savings elsewhere or the Council Tax Precept.

It is clear that, after ten years of austerity followed by new investments in policing, financial uncertainty continues. The recent change in the UK Government increases the importance of the Chancellor's Budget Statement in Autumn 2024. However, Gwent Police has a strong track record of operating within funding constraints and will therefore continue to manage reductions in real term funding from the Government and public of Gwent, throughout the period of the MTFP. The Commissioner and Chief Constable remain focused on delivering a new generation of savings schemes and maintaining a detailed schedule of planned work to review functions and departments; balanced against the operational policing needs of Gwent.

**Signed:**

**Matthew Coe FCA**  
**Chief Finance Officer – Gwent Police**  
**Date: 30<sup>th</sup> January 2025**



## Independent Auditor's Report

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

### Opinion on financial statements

I have audited the financial statements of:

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

for the year ended 31 March 2024 under the Public Audit (Wales) Act 2004.

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

Gwent Police Pension Fund comprises the Fund Account and Net Assets Statement and related notes including the material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of the Chief Constable of Gwent and Gwent Police Pension Fund as at 31 March 2024 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24.

### Basis for opinion

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

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

### Conclusions relating to going concern

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

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

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

### Other information

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

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

I have nothing to report in this regard.

## 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 is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24;
- the information given in the joint Governance Statement of the Police and Crime Commissioner for Gwent and the Chief Constable of Gwent Police for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

## Matters on which I report by exception

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

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

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

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

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for:

- the preparation of the statement of accounts and the Gwent Police Pension Fund, which give a true and fair view and comply with proper practices;
- maintain proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error; and
- assessing the Chief Constable of Gwent Police and the Gwent Police Pension Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by the Chief Constable of Gwent Police and Gwent Police Pension Fund will not continue to be provided in the future.

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

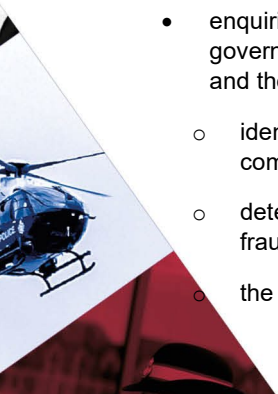
My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

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

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

My procedures included the following:

- enquiring of management, the Chief Constable of Gwent Police and the head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Chief Constable of Gwent Police and the Gwent Police Pension Fund policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.





- considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the posting of unusual journals;
- obtaining an understanding of the Chief Constable of Gwent Police and Gwent Police Pension Fund's framework of authority as well as other legal and regulatory frameworks that the Chief Constable of Gwent Police operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Chief Constable of Gwent Police and Gwent Police Pension Fund.
- obtaining an understanding of related party relationships.

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

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

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

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

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

#### **Other auditor's responsibilities**

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

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

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

Adrian Crompton  
Auditor General for Wales  
31<sup>st</sup> January 2025

1 Capital Quarter  
Tyndall Street  
Cardiff, CF10 4BZ

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

## Statement of Responsibilities

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

### The Chief Constable's Responsibilities

The Chief Constable is required to:

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

I approve the Statement of Accounts for the financial year 2023/24.

**Signed:**

**Mark Hobrough**  
**Chief Constable for Gwent**  
**Date: 30<sup>th</sup> January 2025**

### The Chief Finance Officer – Gwent Polices' Responsibilities

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

In preparing the statement of accounts, the Chief Finance Officer – Gwent Police has:

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

The Chief Finance Officer – Gwent Police has also:

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

I certify that the Statement of Accounts, present a true and fair financial position of the Chief Constable as at 31<sup>st</sup> March 2024 and the income and expenditure for the period then ended.

**Signed:**

(by Responsible Financial Officer)

**Signed:**

(prior to the approval of the Chief Constable)

**Matthew Coe FCA**  
**Chief Finance Officer – Gwent Police**  
**Date: 31<sup>st</sup> July 2024**

**Matthew Coe FCA**  
**Chief Finance Officer – Gwent Police**  
**Date: 30<sup>th</sup> January 2025**



## Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. This statement reflects the resources that were consumed by the Chief Constable during the year to 31<sup>st</sup> March 2024. In practice all respective costs are paid for by the Police and Crime Commissioner and the Comprehensive Income and Expenditure Statement includes an intra-group adjustment to reflect this, resulting in an overall nil cost for Police services.

2022/23				2023/24		
Expenditure	Income	Net		Expenditure	Income	Net
£'000	£'000	£'000	Notes	£'000	£'000	£'000
91,098	0	91,098		75,785	0	75,785
48,315	0	48,315		41,589	0	41,589
3,599	0	3,599		2,945	0	2,945
2,089	0	2,089		2,156	0	2,156
4,849	0	4,849		4,813	0	4,813
9,568	0	9,568		10,189	0	10,189
4,622	0	4,622		4,972	0	4,972
29,833	0	29,833		32,943	0	32,943
402	0	402		368	0	368
155	0	155		212	0	212
<b>194,530</b>	<b>0</b>	<b>194,530</b>		<b>175,972</b>	<b>0</b>	<b>175,972</b>
0	(239,944)	(239,944)	8	0	(227,275)	(227,275)
0	0	0		0	0	0
50,081	(4,667)	45,414	7	59,428	(8,125)	51,303
0	0	0		0	0	0
<b>244,611</b>	<b>(244,611)</b>	<b>0</b>		<b>235,400</b>	<b>(235,400)</b>	<b>0</b>
		(641,940)	17			12,347
		641,940	8			(12,347)
		<b>0</b>				<b>0</b>
		<b>0</b>				<b>0</b>

## Balance Sheet

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

31 March 2023			31 March 2024	
£'000	Notes			£'000
1,118,133		Long-Term Debtors		1,151,773
<b>1,118,133</b>		<b>Long Term Assets</b>		<b>1,151,773</b>
732	9	Inventories		704
15,287	8	Short-Term Debtors		15,069
0		Cash and Cash Equivalents		0
<b>16,019</b>		<b>Current Assets</b>		<b>15,773</b>
0		Short-Term Borrowing		0
(16,019)	10	Short-Term Creditors		(15,773)
<b>(16,019)</b>		<b>Current Liabilities</b>		<b>(15,773)</b>
0		Long-Term Creditors		0
0		Provisions		0
(1,118,133)	11	Other Long-Term Liabilities		(1,151,773)
<b>(1,118,133)</b>		<b>Long Term Liabilities</b>		<b>(1,151,773)</b>
<b>0</b>		<b>Net Assets</b>		<b>0</b>
0		Usable Reserves		0
0		Unusable Reserves		0
<b>0</b>		<b>Total Reserves</b>		<b>0</b>



## Police Pensions Account

The Police Pension Fund Account at the 31<sup>st</sup> March 2024 is detailed below

### Income and Expenditure Statement

2022/23 £'000		2023/24 £'000
	<b>Contributions Receivable:</b>	
(16,074)	Employer Contributions	(17,552)
(1,860)	Injury Pensions including Gratuities Paid	(2,012)
(311)	Early Retirements (Capital Equivalent Charges)	(335)
0	Un-authorized Backdated Lump Sum Tax Payments (Home Office funding)	0
(410)	Transfers in from other Schemes	(371)
(6,885)	Members Contributions	(7,567)
<b>(25,540)</b>	<b>Net Income</b>	<b>(27,837)</b>
	<b>Benefits Payable:</b>	
36,806	Pensions Paid	40,620
121	Refunded Contributions	94
5,827	Lump Sum Benefits	7,065
0	Un-authorized Backdated Lump Sum Tax Payments	0
121	Lump Sum Death Benefits	195
0	Transfers out to other Schemes	26
<b>42,875</b>	<b>Net Expenditure</b>	<b>48,000</b>
<b>17,335</b>	<b>Net Amount Payable for the Year</b>	<b>20,163</b>
(17,335)	Additional Contribution from the Police & Crime Commissioner	(20,163)
0	<b>(Surplus)/Deficit on Fund</b>	0

### Net Asset Statement

31 March 2023 £'000		31 March 2024 £'000
	<b>Current Assets:</b>	
2,842	Prepaid Pension Benefits	3,605
237	Funding to meet deficit due from Police & Crime Commissioner/Home Office	1,916
0	Recovery of Pension Benefits	0
	<b>Current Liabilities:</b>	
0	Provision for Backdated Lump Sums	0
(2,479)	Overdrawn Pension Cash Position	(4,751)
(600)	Unpaid Pension Benefits	(770)
0	<b>Total</b>	0

### Notes to the Police Pension Fund Account

1. The accounting policies followed and assumptions made regarding the Police Pensions Account are in line with those set out in Note 1, Accounting Policies;
2. From 1<sup>st</sup> July 2021 the Police Pension Scheme is administered by XPS under contract;
3. There are no investment assets in the fund. The payments in and out of the Pension fund are balanced to nil each year by receipt of additional contributions from the General Police Fund, which in turn is reimbursed by a specific Home Office grant (Top Up Grant); and
4. The Pension Fund's financial statements do not take account of future pension obligations after the 31<sup>st</sup> March 2024. However, these are presented on the Balance Sheet under Net Pension Liability with detailed disclosures in Note 17, Defined Benefit Pension Schemes.

## Notes to the Financial Statements of the Chief Constable

This set of notes represents the consolidated notes for the Statement of Accounts for 2023/24.

### Note 1 - Accounting Policies

#### 1.1 General Principles

The Statement of Accounts summarises the Chief Constable's transactions for the 2023/24 financial year and position at the year-end of 31<sup>st</sup> March 2024. The Chief Constable is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the UK 2023/24 and the CIPFA Service Reporting Code of Practice 2023/24, supported by International Financial Reporting Standards (IFRS).

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

#### 1.2 Accruals of Income and Expenditure

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

- i) Revenue from the sale of goods is recognised when the Chief Constable transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Chief Constable.
- ii) Revenue from the provision of services is recognised when the Chief Constable can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Chief Constable. Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- iii) Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

#### 1.3 Depreciation

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

#### 1.4 Employee Benefits

##### Benefits Payable during Employment

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

##### Termination Benefits

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

##### Post-employment Benefits

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

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



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

### **Discretionary Benefits**

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

### **Injury Benefits**

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

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

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

### **1.6 Leases**

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

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

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

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

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

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

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

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

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

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

### **1.10 Events after the Reporting Period**

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

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

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

### **1.11 Exceptional Items**

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

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

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), the Chief Constable is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code.

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

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

- IFRS 16 – Leases, issued in January 2019. The compulsory adoption of this standard has been deferred to the 2024/25 Code;
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020. The amendments:
  - specify that an entity's right to defer settlement must exist at the end of the reporting period
  - clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement
  - clarify how lending conditions affect classification, and
  - clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced:
  - a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and
  - targeted disclosure requirements for affected entities
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to:
  - assess how supplier finance arrangements affect an entity's liabilities and cash flows, and
  - understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

The above improvements are dealt with in the 2023/24 code as they would not have a significant effect on Local Authority financial statements and only IFRS 16 will be applicable to those who opted for early adoption.

## Note 3 - Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 1, the Chief Constable has had to make certain critical judgements about complex transactions or those involving uncertainty about future events. There is a high degree of uncertainty around the future funding levels for the Chief Constable in relation to the funding formula. There are plans in place to balance the budget in future years in the medium-term financial plan (MTFP), however, it's uncertain whether current level of formula funding will be sufficient to meet the level of resources required. This will continue to be reviewed along with other economic factors affecting the MTFP and as such, the Chief Constable has determined that not enough is known at this time to provide an indication if assets are impaired as a result of a need to close facilities and reduce levels of service provision.

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

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





The items in the Chief Constable Balance Sheet as at 31<sup>st</sup> March 2024 for which there is a significant risk, of material adjustments in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<b>Police pensions liability</b>	<p>Estimation of the liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are expected to increase, changes in retirement ages, mortality rates and expected return on pension fund assets. The Government Actuary's Department (GAD) have been engaged to provide the PCC Group with expert advice about the assumptions to be applied</p> <p>Further information on Pension Asset and Liabilities is provided in Note 17.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the rate of increase in salaries would have a £12m increase in the Police Pension Scheme Liability.</p> <p>A 1-year increase in the life expectancy of Police Pensioners would result in the Police Pension Liability increasing by £29m.</p> <p>However, the assumptions interact in complex and sensitive ways. During 2023/24, GAD advised that the net pensions' liability had increased by £33.64m due to changes in financial assumptions used. In the previous financial year the net pension liability decreased by £570.18m attributable to changes in financial assumptions.</p>

## Note 5 - Material items of Income & Expenditure

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

## Note 6 - Events after the Balance Sheet date

The Draft Statement of Accounts was authorised for issue by the Chief Finance Officer – Gwent Police on 31<sup>st</sup> July 2024. There are no adjusting or non-adjusting events.

## Note 7 - Financing and Investment Income and Expenditure

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

2022/23		2023/24
£'000		£'000
0	Interest payable and similar charges	0
45,414	Net interest on the net defined benefit liability (asset)	51,303
0	Interest receivable and similar income	0
<b>45,414</b>	<b>Total</b>	<b>51,303</b>

## Note 8 - Intra Group Adjustments

The table below shows the movement through the Intra Group adjustment account within the PCC and Chief Constable's Comprehensive Income and Expenditure Statement (CIES) and Balance Sheet during the year. Intra Group adjustments are required in the CIES as the Chief Constable cannot hold any reserves and therefore any surplus or deficit on the provision of services and any actuarial gains or losses on pension assets and liabilities must be transferred to the PCC. Short Term creditors and Inventories (stocks) are recognised in the Chief Constable's Balance Sheet. However, because the Chief Constable cannot hold reserves, and therefore must have a Balance Sheet with a nil net worth, an intra-group adjustment is required to ensure that both net assets and reserves both balance to nil.

### CIES Intra-group adjustments

PCC	Chief Constable	PCC Group		PCC	Chief Constable	PCC Group
2022/23	2022/23	2022/23		2023/24	2023/24	2023/24
£'000	£'000	£'000		£'000	£'000	£'000
(14,641)	194,530	179,889	Net Cost of Services	(18,719)	175,972	157,253
(496)	45,414	44,918	Financing, Investment Income and Expenditure	(1,941)	51,303	49,362
(17,115)	0	(17,115)	Other Operating Expenditure	(20,360)	0	(20,360)
239,944	(239,944)	0	Intra-group Adjustment	227,275	(227,275)	0
<b>207,692</b>	<b>0</b>	<b>207,692</b>	<b>Total</b>	<b>186,255</b>	<b>0</b>	<b>186,255</b>
(3,483)	(641,940)	(645,423)	Actuarial (gains)/ losses on pension assets/ liabilities	(788)	12,347	11,559
(641,940)	641,940	0	Intra-group Adjustment	12,347	(12,347)	0
<b>(645,423)</b>	<b>0</b>	<b>(645,423)</b>	<b>Total</b>	<b>11,559</b>	<b>0</b>	<b>11,559</b>

### Balance Sheet Adjustments

PCC	Chief Constable	PCC Group		PCC	Chief Constable	PCC Group
2022/23	2022/23	2022/23		2023/24	2023/24	2023/24
£'000	£'000	£'000		£'000	£'000	£'000
0	732	732	Inventories	0	704	704
(1,958)	(16,019)	(17,977)	Creditors	(3,895)	(15,773)	(19,668)
(15,287)	15,287	0	Intra-group Adjustment	(15,069)	15,069	0
<b>(17,245)</b>	<b>0</b>	<b>(17,245)</b>	<b>Total</b>	<b>(18,964)</b>	<b>0</b>	<b>(18,964)</b>

## Note 9 - Inventories

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

	Consumable Stores		Maintenance Materials		Total	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000	£'000
Balance outstanding at start of year	373	612	149	120	522	732
Purchases	584	245	301	374	885	619
Recognised as an expense in the year	(345)	(298)	(330)	(349)	(675)	(647)
<b>Balance Outstanding at Year End</b>	<b>612</b>	<b>559</b>	<b>120</b>	<b>145</b>	<b>732</b>	<b>704</b>

## Note 10 - Creditors

Short-Term Creditor balances held by the Chief Constable at the 31<sup>st</sup> March 2024 are:

31 March 2023		31 March 2024
£'000		£'000
(9,229)	Trade payables	(9,044)
(6,790)	Other payables	(6,729)
<b>(16,019)</b>	<b>Total Creditors</b>	<b>(15,773)</b>

## Note 11 – Other Long-Term Liabilities

### Net Pension Liability

31 March 2023		31 March 2024
£'000		£'000
1,709,788	Balance 1 April	1,118,133
(641,940)	Remeasurements of the net defined benefit (liability)/asset	12,347
92,038	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	67,927
(41,753)	Employer's pensions contributions and direct payments to pensioners payable in the year	(46,634)
0	Other movements	0
<b>1,118,133</b>	<b>Balance 31 March</b>	<b>1,151,773</b>

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

## Note 12 - Members' Allowances

The PCC Group paid £3,639 to Joint Audit Committee Members during the year ending 31<sup>st</sup> March 2024. Amounts are split evenly with the Chief Constable.

31 March 2023		31 March 2024
£		£
0	Salaries	0
3,489	Allowances	1,767
90	Expenses	53
<b>3,579</b>	<b>Total Members' Allowances</b>	<b>1,820</b>

## Note 13 - Police Officer and Police Staff Remuneration

### Police and Police Staff Numbers

	2022/23	2023/24
<b>Police Officers:</b>		
Above the rank of Constable	322	339
Constable	1,225	1,210
<b>Total</b>	<b>1,547</b>	<b>1,549</b>
<b>Police Staff:</b>		
Full Time	872	921
Part Time	155	92
<b>Total</b>	<b>1,027</b>	<b>1,013</b>

The above numbers are as at 31st March 2024.

### Remuneration Received

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

2022/23	Remuneration Band	2023/24
42	£60,000 - £64,999	72
18	£65,000 - £69,999	28
7	£70,000 - £74,999	4
8	£75,000 - £79,999	8
1	£80,000 - £84,999	3
4	£85,000 - £89,999	0
4	£90,000 - £94,999	4
2	£95,000 - £99,999	3
1	£100,000 - £104,999	3
0	£105,000 - £109,999	1
2	£110,000 - £114,999	1
0	£115,000 - £119,999	1
0	£120,000 - £124,999	1
0	£125,000 - £129,999	0
0	£130,000 - £134,999	1
0	£135,000 - £139,999	0
0	£140,000 - £144,999	0
0	£145,000 - £149,999	0
1	£150,000 - £154,999	0
0	£155,000 - £159,999	0
0	£160,000 - £164,999	1



## Remuneration Relationship

Reporting bodies are required to disclose the relationship between the highest paid 'Executive' in the organisation and the median remuneration of the organisations workforce during the year to which the accounts relate. Remuneration is based on full time annualised remuneration payable and is determined by taking the salary as at 31st March 2024 plus the benefit in kind and other payments made during the period.

	2022/23	2023/24
Chief Constables Remuneration	154,909	169,102
Median Pay of the Chief Constable's Staff	32,313	34,575
Median Pay Ratio	<b>4.79</b>	<b>4.89</b>

## Remuneration Disclosure

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

Expense allowances include "essential user" car lump sum allowance and benefit in kind includes the money value of benefits received otherwise than in cash e.g. private use of a Force asset. Other payments include those allowances only relevant to Police Officers such as rent allowance and compensatory grant. During the year no amounts were paid in respect of compensation for loss of employment. Equivalent disclosure is provided for the previous year 2022/23.

## Relevant Senior Officers and Staff Remuneration

Relevant Senior Police Officers and Police Staff Remuneration for the year ended 31<sup>st</sup> March 2024.

### 2023/24

Post Holder Information (Post Title)	Note	Salary	Post Related Pay	Bonus	Expenses	Benefits in Kind	Other Payments	Total Remuneration excluding Pension Contributions	Employers Pension Contributions	Total Remuneration including Pension Contributions
		£	£	£	£	£	£	£	£	£
Chief Constable Pam Kelly		162,216				976		<b>163,192</b>	50,287	<b>213,479</b>
Deputy Chief Constable (1)		130,678				859		<b>131,536</b>	40,510	<b>172,046</b>
Assistant Chief Constable (1)		121,166			36	899		<b>122,100</b>	37,461	<b>159,561</b>
Assistant Chief Constable (2)	1	2,783			103			<b>2,886</b>	863	<b>3,749</b>
Assistant Chief Constable (3)	2	85,016					4,451	<b>89,466</b>	26,355	<b>115,821</b>
Assistant Chief Officer Resources		119,764						<b>119,764</b>	21,917	<b>141,681</b>

### Notes

- 1** Assistant Chief Constable 2 was temporary promoted on 23rd March 2024
- 2** Assistant Chief Constable 3 was temporary promoted from 1st July 2023 and seconded to College of Policing
- 3** The employers pension contribution in respect of Police Officers are paid at a rate of 31%. All other Senior Employees are paid at a rate of 18.3%.
- 4** Other payments include: Car Allowance, Housing allowance, and payment for holidays in lieu of notice upon leaving, as determined by Police Regulations.

Post Holder Information (Post Title)	Note	Salary	Post Related Pay	Bonus	Expenses	Benefits in Kind	Other Payments	Total Remuneration excluding Pension Contributions	Employers Pension Contributions	Total Remuneration including Pension Contributions
		£	£	£	£	£	£	£	£	£
Chief Constable Pam Kelly		151,023				3,094		154,117	46,817	200,934
Deputy Chief Constable (1)	1	72,108					6,953	79,061	22,353	101,414
Deputy Chief Constable (2)	2	47,779				281		48,060	14,811	62,871
Assistant Chief Constable (1)	3	96,861	11,001			14	4,839	112,715	30,027	142,742
Assistant Chief Constable (2)	4	10,637					457	11,094	3,297	14,391
Assistant Chief Constable (3)	5	35,795					1,611	37,406	11,097	48,503
Assistant Chief Officer Resources		114,313						114,313	20,348	134,661

### Notes

- 1 Deputy Chief Constable (1) resigned 30th Oct 2022 to become the Chief Constable of North Wales Police.
- 2 Deputy Chief Constable (2) appointed 14th November 2022.
- 3 Assistant Chief Constable (1) opted to receive an annualised Non-Pensionable Post Related Pay Allowance of £13,851 plus an Annualised Car Lump sum of £4,839 until substantively appointed Assistant Chief Constable on 1st January 2023.
- 4 Assistant Chief Constable (2) was temporary promoted from Chief Superintendent for the period 1st August- 4th September 2022, opted for an Annualised Car Lump sum of £4,839.
- 5 Assistant Chief Constable (3) was temporary promoted from Chief Superintendent for the period 5th September- 4th January 2023, opted for an Annualised Car Lump sum of £4,839.
- 6 The employers pension contribution in respect of Police Officers are paid at a rate of 31%. All other Senior Employees are paid at a rate of 17.8%.
- 7 Other payments include: Car Allowance, Housing allowance, and payment for holidays in lieu of notice upon leaving, as determined by Police Regulations.



## Note 14 - Termination Benefits

A Schedule of exit packages at 31<sup>st</sup> March 2024 is shown in the table below with comparative figures for the previous year.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
							£	£
£0 - £20,000	4	0	0	0	4	0	983	0
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	2	0	0	0	2	0	165,621	0
£100,001 - £150,000	2	0	0	0	2	0	264,183	0
£150,001 - £200,000	0	0	0	0	0	1	0	179,967
<b>Total</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>430,787</b>	<b>179,967</b>

All exit packages were agreed and paid to 31st March 2024.

The pension strain cost included in the figures above for 2023/24 is £140,558 (2022/23 £314,489).

## Note 15 - External Audit Costs

The PCC and the Chief Constable jointly incurred external audit fees with Audit Wales during 2023/24 of £104,480.

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

<b>2022/23</b>		<b>2023/24</b>
<b>£'000</b>		<b>£'000</b>
49	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	52
<b>49</b>	<b>Total</b>	<b>52</b>





## Note 16 - Related Parties

IAS 24 requires the Chief Constable to disclose all material transactions with related parties, that is bodies or individuals that have the potential to influence the Chief Constable or to be controlled and influenced by the Chief Constable. Disclosure of these transactions allows the reader to assess the extent to which the Chief Constable might have been constrained in his ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Chief Constable. This disclosure note has been prepared based on specific declarations obtained between April 2023 and March 2024, in respect of related party transactions.

### Central Government

Central Government has effective control over the general operations of the Chief Constable and it is responsible for providing the statutory framework within which the Chief Constable operates, provides the majority of its funding in the form of grants presented in Note 12 – Taxation and Non Specific Grant Income of the Police and Crime Commissioner of Gwent Group Statement of Accounts, and prescribes the terms of many of the transactions that the Chief Constable has with other parties (e.g. council tax bills). However, the PCC has direct control over the Chief Constable's financial and operating policies.

### Members

The total allowances and expenses paid to Members during the year are shown in Note 27 – Members Allowances in the PCC Group Statement of Accounts. Transactions with the unitary authorities that the members of the Police and Crime Panel represent are detailed in Note 12 of the Police and Crime Commissioner of Gwent Group Statement of accounts – Taxation and Non-Specific Grant Income.

A member of the JAC is an Independent Member of the Governance and Audit committee for Cardiff Council. During the 2023/24 financial year, the Police and Crime Commissioner for Gwent paid a total to Cardiff Council of £119,111 (2022/23 £148,262), there was a creditor balance of £1,000 and no debtor balances (2022/23 Creditor and Debtor balance of £0).

Also, a JAC member is a Board Member of Coleg Gwent. During 2023/24, the Police and Crime Commissioner paid £3,435 (2022/23 £80). No income was received. There was a Creditor balance of £0 (2022/23 £385).

### Officers

The Assistant Chief Officer- Resources is the Company Secretary to Gwent Independent Film Trust (GIFT) Ltd. See Note 20 – Gwent Independent Film Trust (GIFT) for additional information. In addition, the Assistant Chief Officer- Resources has a long-term friendship with the Commercial Manager of BAM Construction Ltd (BAM). Police and Crime Commissioner for Gwent have contractual relationships with BAM in relation to the construction of a new HQ building. During the 2023/24 financial year, the Police and Crime Commissioner for Gwent paid a total to BAM of £9,324 (2022/23: £123,097) and no creditor in 2023/24 (2022/23 £0). No income was received.

## Note 17 - Defined Benefit Pension Scheme

### McCloud / Sargeant Judgement

The Chief Constable of Gwent along with other Chief Constables and the Home Office currently has 148 claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015. These claims against the Police Pension Scheme (the Aarons case) had previously stayed behind the McCloud/Sargeant judgement but have now been lifted and a case management hearing was held on 25<sup>th</sup> October 2019. The resulting Order of 28<sup>th</sup> October 2019 included an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1st April 2015. This interim declaration applies to claimants only. However, the Government made clear that non-claimants who are in the same position as claimants will be treated fairly to ensure they do not lose out. This was re-iterated in the Written Ministerial Statement on 25<sup>th</sup> March 2020.

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

On 19<sup>th</sup> July 2021 the Public Service Pensions and Judicial Offices Act 2022 was taken to the House of Lords. This got royal assent on 10<sup>th</sup> March 2022 and the Act came into force from 1<sup>st</sup> April 2022. HMT directions to accompany the act were published on 14<sup>th</sup> December 2022. The Act closed the legacy schemes from 31<sup>st</sup> March 2022 and brings the retrospective remedy into force by 1<sup>st</sup> October 2023. It is now for Home Office to consult on the secondary regulations to bring the police determined by the act into force from 1<sup>st</sup> October 2023, this consultation opened on 28<sup>th</sup> February and closed on 23<sup>rd</sup> May 2023.

### Legal Claims

#### Virgin Media

In June 2023 the High Court found in the Virgin Media case that changes to member benefits in contracted out defined benefit pension schemes between 1996 and 2016 required an actuarial certificate in line with section 37 of the Pensions Schemes Act 1993, and that changes without this certification are to be considered void. This requirement applies to past service rights and future service rights, and to changes to the detriment or benefit of scheme members. The judgment is being appealed and a hearing is expected for late June 2024. As at the 31<sup>st</sup> March 2024, there were no actuarial confirmations relating to the Police Pension Scheme and therefore, no liability changes are expected to arise following this judgement.

#### Aarons and Ors Cases

Injury for feelings claims for Aarons were due to be heard by the Employment Tribunal in December 2021, and on 25<sup>th</sup> November 2021 the Home Secretary sought agreement from Chief Officers to settle on behalf of forces. This authority was given and the Government Legal Department (GLD) have since settled on behalf of forces. Therefore no liability in respect of compensation claims is recognised in these accounts.

#### Penningtons

These claims were brought after the finding of discrimination by the Court of Appeal in McCloud and Sargeant. As at 31<sup>st</sup> March 2024, it is not possible to reliably estimate the extent or likelihood of these claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

### Remedy

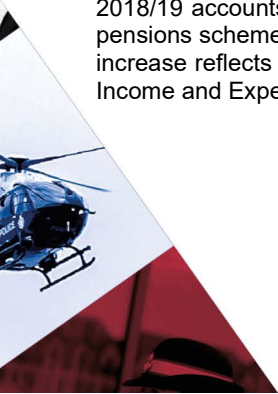
The Public Service Pensions and Judicial Offices Act 2022 (PSPJOA 2022) legislates for how the government will remove the discrimination identified by the courts in the way that the 2015 reforms were introduced for some members.

The main elements of the Act are:

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

### Impact on Pension Liability

Allowing for all members to remain in their existing scheme as at 1st April 2015 would lead to an increase in the Police Pension Scheme liabilities. Scheme actuaries have estimated the potential increase in scheme liabilities for Gwent Police to be approximately 4.4% or £62.860m of pension scheme liabilities. This increase was reflected in the IAS 19 disclosure as a past service cost in the 2018/19 accounts. This amount has been reviewed on an annual basis and in 2022/23 the estimated decrease was £555.35m in pensions scheme liabilities from the previous year. In 2023/24 the estimated increase is £550.78m from the liability in 2022/23. This increase reflects a change in assumptions and therefore represents a loss on remeasurement and reported in the Comprehensive Income and Expenditure Statement (CIES).



The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2023/24, although this timetable is subject to change. Due to delays in implementing the remedy, it is expected that the member contribution compensation payments projected for 2023/24 will fall into 2024/25. Estimated 2024/25 costs for Gwent Police is £2.79m (1%). Projection for McCloud remedy payments for the years 2023/24 to 2028/29 is £145m.

The impact of an increase in annual pension payments arising from McCloud/Sargeant is determined through the Police Pension Fund Regulations 2007. These require a police authority to maintain a pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have sufficient funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the police authority in the form of a central government top-up grant. However the McCloud remedy payments are to be shown as separate operational costs to be reclaimed quarterly in arrears from the Home Office and not as part of the Top-Up Grant. A separate account is therefore recommended to be used for all payments made in respect of the McCloud remedy.

### Participation in Pension Schemes

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

The Chief Constable participates in two post-employment schemes:

(i) The Police Pension Scheme for Police Officers – this is an unfunded scheme, meaning that there are no investment assets built up to meet the pension liabilities and cash has to be generated to meet actual pension payments in the year they eventually fall due.

(ii) Pensions and benefits for Police Staff are provided under the Local Government Pension Scheme from the Greater Gwent (Torfaen) Pension Fund. This is a funded scheme, meaning that the Chief Constable and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

### Transactions relating to Post-employment Benefits

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

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

#### General Fund Transactions

2022/23			2023/24		
LGPS CC	Police Pension	Total	LGPS CC	Police Pension	Total
£'000	£'000	£'000	£'000	£'000	£'000
<b>Comprehensive Income and Expenditure Statement</b>					
<b>Cost of Services</b>					
Service cost comprising:					
15,066	30,720	45,786	5,905	9,970	15,875
276	0	276	215	0	215
0	410	410	0	370	370
0	0	0	0	0	0
0	0	0	0	0	0
152	0	152	164	0	164
0	0	0	0	0	0
0	0	0	0	0	0
2,594	42,820	45,414	3	51,300	51,303
<b>18,088</b>	<b>73,950</b>	<b>92,038</b>	<b>6,287</b>	<b>61,640</b>	<b>67,927</b>
<b>Total charged to Surplus and Deficit on Provision of Services</b>					

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

LGPS CC	Police Pension	Total		LGPS CC	Police Pension	Total
£'000	£'000	£'000		£'000	£'000	£'000
5,627	0	5,627	Re-measurement of the net defined benefit liability comprising: Return on plan assets (excluding the amount included in the net interest expense)	(13,938)	0	(13,938)
19,928	58,740	78,668	Actuarial gains and losses - experience	5,355	37,620	42,975
(13,880)	(26,850)	(40,730)	Actuarial gains and losses arising on changes in demographic assumptions	(1,043)	0	(1,043)
(117,976)	(570,180)	(688,156)	Actuarial gains and losses arising on changes in financial assumptions	(12,421)	(25,130)	(37,551)
2,651	0	2,651	IFRIC 14 Surplus Restriction	21,904	0	21,904
<b>(103,650)</b>	<b>(538,290)</b>	<b>(641,940)</b>	<b>Total charged to Other Comprehensive Income and Expenditure Statement</b>	<b>(143)</b>	<b>12,490</b>	<b>12,347</b>

<b>(85,562)</b>	<b>(464,340)</b>	<b>(549,902)</b>	<b>Total charged to the Comprehensive Income and Expenditure Statement</b>	<b>6,144</b>	<b>74,130</b>	<b>80,274</b>
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2022/23			Movement in Reserves Statement	2023/24		
LGPS CC	Police Pension	Total		LGPS CC	Police Pension	Total
£'000	£'000	£'000		£'000	£'000	£'000
(18,088)	(73,950)	(92,038)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(6,287)	(61,640)	(67,927)
			Actual amount charged against the general fund balance for pensions in the year:			
5,743	36,010	41,753	Employers' contributions payable to scheme	6,144	40,490	46,634

2022/23			Pensions Assets and Liabilities Recognised in the Balance Sheet	2023/24		
LGPS CC	Police Pension	Total		LGPS CC	Police Pension	Total
£'000	£'000	£'000		£'000	£'000	£'000
(169,005)	(1,118,133)	(1,287,138)	Present value of the defined obligation	(173,300)	(1,151,773)	(1,325,073)
169,005	0	169,005	Fair value of plan assets	173,300	0	173,300
0	(1,118,133)	(1,118,133)	Value of Assets / (Liabilities)	0	(1,151,773)	(1,151,773)
0	0	0	Other movements in the (liability) / asset	0	0	0
<b>0</b>	<b>(1,118,133)</b>	<b>(1,118,133)</b>	<b>Net (liability) / asset arising from the defined benefit obligation</b>	<b>0</b>	<b>(1,151,773)</b>	<b>(1,151,773)</b>

2022/23			Movement in the Value of Scheme Assets	2023/24		
LGPS CC	Police Pension	Total		LGPS CC	Police Pension	Total
£'000	£'000	£'000		£'000	£'000	£'000
171,004	0	171,004	Opening fair value of scheme assets	169,005	0	169,005
4,667	0	4,667	Interest income	8,125	0	8,125
			Re-measurement gain / (loss):			
(5,627)	0	(5,627)	- The return on plan assets, excluding the amount included in the net interest expense	13,938	0	13,938
(2,356)	0	(2,356)	Other gains / (losses)	0	0	0
5,743	36,010	41,753	Contributions from employer	6,144	40,490	46,634
2,023	6,880	8,903	Contributions from employees into the scheme	2,141	7,570	9,711
(3,798)	(42,890)	(46,688)	Benefits / transfers paid	(4,149)	(48,060)	(52,209)
(2,651)	0	(2,651)	IFRIC 14 Surplus Restriction	(21,904)	0	(21,904)
<b>169,005</b>	<b>0</b>	<b>169,005</b>	<b>Closing value of scheme assets</b>	<b>173,300</b>	<b>0</b>	<b>173,300</b>

2022/23			Movements in the Fair Value of Scheme Liabilities	2023/24		
LGPS CC	Police Pension	Total		LGPS CC	Police Pension	Total
£'000	£'000	£'000		£'000	£'000	£'000
(262,309)	(1,618,483)	(1,880,792)	Opening balance at 1 April	(169,005)	(1,118,133)	(1,287,138)
(15,066)	(30,720)	(45,786)	Current service cost	(5,905)	(9,970)	(15,875)
(7,261)	(42,820)	(50,081)	Interest cost	(8,128)	(51,300)	(59,428)
(2,023)	(6,880)	(8,903)	Contributions from scheme participants	(2,141)	(7,570)	(9,711)
			Re-measurement gains and losses:	0	0	0
(17,572)	(58,740)	(76,312)	- Actuarial gains / (losses) - experience	(5,355)	(37,620)	(42,975)
13,880	26,850	40,730	- Actuarial gains / (losses) from changes in demographic assumptions	1,043	0	1,043
117,976	570,180	688,156	- Actuarial gains / (losses) from changes in financial assumptions	12,421	25,130	37,551
0	0	0	- Other	0	0	0
(276)	0	(276)	Past service cost	(215)	0	(215)
0	(410)	(410)	Transfers in	0	(370)	(370)
3,798	42,890	46,688	Benefits / transfers paid	4,149	48,060	52,209
(152)	0	(152)	Administration expenses	(164)	0	(164)
<b>(169,005)</b>	<b>(1,118,133)</b>	<b>(1,287,138)</b>	<b>Balance as at 31 March</b>	<b>(173,300)</b>	<b>(1,151,773)</b>	<b>(1,325,073)</b>

The liabilities show the underlying commitments that the Chief Constable has in the long run to pay retirement benefits. The total liability of £1.325bn (2022/23: £1.287bn) has a substantial impact on the net worth of the Chief Constable as recorded in the Balance Sheet, resulting in a negative overall balance of £1.152bn (2022/23: £1.118bn).

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

- (i) The deficit on the local government scheme will be made good by increased contributions over the remaining working life of the employees, as assessed by the scheme actuary; and
- (ii) Finance is only required to be raised to cover Police pensions when the pensions are actually paid.

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

## Basis for Estimating Assets and Liabilities

The expected return on assets are no longer required for IAS19 as the discount rate (4.75% Local Gov and 4.65% Police) is now used by the Actuary to calculate the projected costs for next year and set the expected return on assets.

The approximate split of assets for the Fund as a whole (based on data provided by the Actuary) is shown below:

### Asset Allocations

	Local Government (CC)			
	2022/23	2022/23	2022/23	2022/23
	£'000	%	£'000	%
<b>Asset Allocations</b>				
Equity Securities	0	0.00%	0	0.00%
Investment Funds and Unit Trusts	167,289	97.45%	188,259	95.09%
Real Estate	3,476	2.03%	3,273	1.65%
Cash and Cash Equivalents	891	0.52%	6,449	3.26%
<b>Total</b>	<b>171,656</b>	<b>100%</b>	<b>197,981</b>	<b>100%</b>

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

	Police Pension		Local Government (Group)	
	2022/23 Years	2023/24 Years	2022/23 Years	2023/24 Years
<b>Mortality assumptions:</b>				
<b>Longevity at 65 for current pensioners:</b>				
Men	21.90	21.90	20.30	20.20
Women	23.50	23.60	23.20	23.00
<b>Longevity at 65 for future pensioners:</b>				
Men	23.50	23.60	21.40	21.20
Women	25.00	25.10	25.10	24.90

	Police Pension		Local Government (Group)	
	2022/23 % p.a.	2023/24 % p.a.	2022/23 % p.a.	2023/24 % p.a.
Rate of increase in salaries (Long term)	3.85%	3.85%	3.45%	3.25%
Rate of increase in salaries (Short term)	0.00%	0.00%	0.00%	0.00%
Rate of increase in pensions	2.60%	2.60%	2.95%	2.75%
Rate for discounting scheme liabilities	4.65%	4.75%	4.75%	4.85%
Rate of CARE revaluation	3.85%	3.85%	0.00%	0.00%

## Change in Assumptions

	Police Pension		Local Government		Local Government	
	Approximate increase/(decrease) in assumption		Approximate % increase to Employer Liability	Approximate monetary amount	Approximate % increase to Employer Liability	Approximate monetary amount
	%	£'000	PCC %	PCC £'000	Chief Constable %	Chief Constable £'000
0.5% increase in the Real Discount Rate	(8.00%)	(92,000)	0.00%	0	0.00%	0
0.1% decrease in the Real Discount Rate	0.00%	0	2.00%	154	2.00%	3,959
1 year increase in member life expectancy	2.50%	29,000	4.00%	273	4.00%	6,932
0.5%/0.1% increase in the Salary Increase Rate	1.00%	12,000	0.00%	3	0.00%	152
0.5%/0.1% increase in the Pension Increase Rate	8.00%	91,000	2.00%	154	2.00%	3,881

Following the last Triennial Valuation published in July 2022 on LGPS, the Contribution Rates for the current year and the next 2 years are as follows:

### LGPS Certified Rates for the Year Ending

31 March 2024	18.3%
31 March 2025	18.8%
31 March 2026	19.4%

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

The Chief Constable does not have any additional contingent assets or contingent liabilities that have not already been disclosed in the Notes to the Accounts

## Note 19 – Collaboration

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

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

### 2023/24 costs of the various collaborative services attributable to the PCC Group.

SHARE OF SERVICE COLLABORATION Share of service benefit	Counter Terrorism Intelligence Unit / Special Branch (CTIU / SB)	Counter Terrorism Specialist Advisors (CTSA)	Counter Terrorism Port / Dedicated Security (DSP)	Regional Organised Crime Unit (ROCU)	Regional Task Force (RTF)	Digital Services Division	Joint Legal Services (JLS)	Scientific Investigation Unit (JSIU)	Joint Firearms Unit (JFU / CTSFO)	Joint Procurement	Total
<b>2023/24</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Gross Expenditure</b>											
South Wales Police	4,919	294	1,104	7,627	1,194	2,900	1,105	5,101	8,520	352	<b>33,116</b>
Dyfed Powys Police	1,915	115	430	2,969	452	0	0	0	5,112	0	<b>10,993</b>
Gwent Police	2,182	131	490	3,384	577	1,684	631	2,510	3,408	352	<b>15,349</b>
North Wales Police	2,539	152	2,202	0	0	0	0	0	0	0	<b>4,893</b>
	<b>11,555</b>	<b>692</b>	<b>4,226</b>	<b>13,980</b>	<b>2,223</b>	<b>4,584</b>	<b>1,736</b>	<b>7,611</b>	<b>17,040</b>	<b>704</b>	<b>64,351</b>
<b>Total Income &amp; Grants</b>											
South Wales Police	(4,919)	(294)	(1,104)	(4,055)	(16)	0	0	0	(1,090)	0	(11,478)
Dyfed Powys Police	(1,915)	(115)	(430)	(1,579)	(5)	0	0	0	(654)	0	(4,698)
Gwent Police	(2,182)	(131)	(490)	(1,798)	(8)	0	0	0	(436)	0	(5,045)
North Wales Police	(2,539)	(152)	(2,202)	0	0	0	0	0	0	0	(4,893)
	<b>(11,555)</b>	<b>(692)</b>	<b>(4,226)</b>	<b>(7,432)</b>	<b>(29)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,180)</b>	<b>0</b>	<b>(26,114)</b>

As a result of the requirement of IFRS11 - Joint Arrangements, gross expenditure in the CIES has been increased by £1.616m and gross income has been increased by £1.481m, a net increase in expenditure of £0.135m (2022/23: £0.605m decrease in expenditure). This net increase has been reversed in the Movement in Reserves Statement with no impact on the Police Fund.





2022/23 costs of the various collaborative services attributable to the PCC Group.

SHARE OF SERVICE COLLABORATION Share of service benefit	Counter Terrorism Intelligence Unit / Special Branch (CTIU / SB)	Counter Terrorism Specialist Advisors (CTSA)	Counter Terrorism Port / Dedicated Security (DSP)	Regional Organised Crime Unit (ROCU)	Regional Task Force (RTF)	Digital Services Division	Joint Legal Services (JLS)	Scientific Investigation Unit (JSIU)	Joint Firearms Unit (JFU / CTSFO)	Joint Procurement	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Gross Expenditure</b>											
South Wales Police	4,528	251	1,081	5,943	1,262	2,858	983	4,697	8,109	312	<b>30,024</b>
Dyfed Powys Police	1,778	99	425	2,334	478	0	0	0	4,865	0	<b>9,979</b>
Gwent Police	2,027	113	484	2,661	610	1,539	491	2,289	3,243	312	<b>13,769</b>
North Wales Police	2,368	131	2,113	0	0	0	0	0	0	0	<b>4,612</b>
	<b>10,701</b>	<b>594</b>	<b>4,103</b>	<b>10,938</b>	<b>2,350</b>	<b>4,397</b>	<b>1,474</b>	<b>6,986</b>	<b>16,217</b>	<b>624</b>	<b>58,384</b>
<b>Total Income &amp; Grants</b>											
South Wales Police	(4,528)	(251)	(1,081)	(3,157)	(22)	0	0	(62)	(1,082)	0	(10,183)
Dyfed Powys Police	(1,778)	(99)	(425)	(1,244)	(9)	0	0	0	(649)	0	(4,204)
Gwent Police	(2,027)	(113)	(484)	(1,402)	(11)	0	0	(30)	(433)	0	(4,500)
North Wales Police	(2,368)	(131)	(2,113)	0	0	0	0	0	0	0	(4,612)
	<b>(10,701)</b>	<b>(594)</b>	<b>(4,103)</b>	<b>(5,803)</b>	<b>(42)</b>	<b>0</b>	<b>0</b>	<b>(92)</b>	<b>(2,164)</b>	<b>0</b>	<b>(23,499)</b>

**Other Collaborative Working - Shared Resource Service Centre**

The Gwent Police Authority entered into a public sector collaborative arrangement, known as the Shared Resource Service (SRS), with Torfaen County Borough Council (TCBC) and Monmouthshire County Council (MCC) in May 2011. During 2017/18, Newport City Council (NCC) and Blaenau Gwent County Council (BGCC) joined the collaborative working arrangement.

A memorandum of understanding is in place to provide robust governance arrangements. The arrangement is not a separate legal entity and ownership of the SRS premises reside with TCBC. In 2023/24 expenditure incurred was fully covered by the contributions from the partners.

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

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

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

At 31<sup>st</sup> March 2024 GIFT (Gwent) had two Trustees. Nigel Stephens, Assistant Chief Officer Resources, who is a Chief Constable member of staff, acting as Trustee/Director and a second Trustee, Rhodri Williams who is acting as the independent chair.

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

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

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

The annual report and the audited financial statements for the year ended 31<sup>st</sup> July 2023 disclosed net current assets of £1,027 (2022/23 £1,340) and retained a loss for the year of £313 (2022/23 loss £176).

In February 2024, the dissolution process of GIFT was started as the activity has ceased, any remaining funds were donated to a Road Safety charity. The dissolution was confirmed by Companies House on 7<sup>th</sup> May 2024.



## Glossary

Term	Definition
2023/24	This refers to the period covered by these accounts – 1 <sup>st</sup> April 2023 to 31 <sup>st</sup> March 2024
2022/23	This refers to the prior year financial period for comparative purposes – 1 <sup>st</sup> April 2022 to 31 <sup>st</sup> March 2023
Accounting Policies	These are a set of rules and codes of practice the Chief Constable uses when preparing the accounts.
Accruals	The accounting treatment, where income and expenditure is recorded when it is earned or incurred not when the money is received or paid.
Actuarial Gains and Losses	For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because: <ul style="list-style-type: none"> <li>• Events have not coincided with the actuarial assumptions made in the last valuation; or</li> <li>• The actuarial assumptions have changed.</li> </ul>
Amortisation	This is the measure of the wearing out, consumption or other reduction in the useful life of Intangible assets.
Balance Sheet	This shows the value of the assets and liabilities recognised by the Chief Constable. The net assets of the Chief Constable (assets less liabilities) are matched by the reserves held by the Chief Constable.
Capital Adjustment Account	An account which accumulates (on the debit side) the write-down of the historic cost of fixed assets as they are consumed by depreciation and impairments, or written off on disposal, and (on the credit side) the resources that have been set aside to finance capital expenditure.
Capital Expenditure	Expenditure on the acquisition and construction of assets or expenditure which adds to the value of an existing asset, which have a long-term value to the Group, e.g. land and buildings.
Capital Receipts	Income from the sale of fixed assets, which can only be used to finance new capital expenditure or repay outstanding debt on assets financed from loans.  Usable capital receipts are those capital receipts which are not set aside for specific purposes but are available to be used for any capital purchases.
Carrying Value	The carrying value of an asset or a liability recorded in the Balance Sheet.
CIPFA	The Chartered Institute of Public Finance and Accountancy, one of the professional accountancy bodies in the UK. CIPFA specialises in the public services and has responsibility for setting accounting standards for these services.
Comprehensive Income and Expenditure Statement (CIES)	This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.
Consumer Price Index (CPI)	Official measure of the general level of inflation as reflected in the retail price of goods and services – excludes mortgage interest payments, council tax and other housing costs.
Contingent Liabilities or Assets	These are the amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which a provision has not been made in the Chief Constables accounts.
Creditors	Individuals or organisations to which the Chief Constable owes money at the end of the financial year split short-term (within 12 months) and long-term.
Current Assets	Current assets are items that can be readily converted into cash.  By convention the items are ordered by reference to the ease that such conversion into cash can be carried out.
Current Liabilities	Current liabilities are items that are due immediately or in the short – term.
Current Service Cost (pensions)	An estimate of the true economic cost of employing people in a financial year. It measures the full liability estimated to have been generated in the year.
Curtailement	Changes in liabilities relating respectively to actions that relieve the employer of primary responsibility for a pension obligation (e.g. a group of employees being transferred to another scheme) or events that reduce the expected years of future service of employees or reduce the accrual of defined benefits over their future service for some employees (e.g. closing a business unit).
Debtors	Individuals or organisations that owe the Chief Constable money at the end of the financial year split short-term (within 12 months) and long-term. Note all Trade Debtors are recorded in the PCC Group Balance Sheet.
Defined Benefit Scheme	A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The schemes may be funded or unfunded.

Defined Contribution Scheme	A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.
Depreciation	This is the measure of the wearing out, consumption, or other reduction in the useful economic life of Property, Plant and Equipment.
Fair Value	The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase of the asset.
Finance Lease	A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.
Financial Instrument	Any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A derivative financial instrument is a financial contract that derives its value from changes in underlying assets or indices.
Fixed Assets	These are items such as land, buildings, vehicles and major items of equipment, which give benefit to the Chief Constable over more than one year. Note all Fixed Assets are held by the PCC.
FRS	Financial Reporting Standards, as agreed by the UK and International accountancy profession and the Accounting Standards Board. These include Statements of Standard Accounting Practice (SSAPs) and International Financial Reporting Standards (IFRS).
General Fund	This is the main revenue fund of the PCC Group and includes the net cost of all services financed by local taxpayers and Government grants. All Reserves including the General Fund are held by the PCC.
Group	The term refers to the merger of Office of the Police and Crime Commissioner and the Chief Constable.
Impairment	A reduction in the value of a fixed asset, below the carrying amount in the balance sheet. Factors include evidence of obsolescence or physical damage to the asset.
Intangible Assets	These are assets that do not have physical substance but are identifiable and controlled by the Chief Constable. Examples include software, licenses and patents. Note all Intangible Assets are held by the PCC.
Interest Cost (Pensions)	For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.
Inventories	Amounts of unused or unconsumed stocks held in expectation of future use at the Balance Sheet date.
Leasing Costs	This is where a rental is paid for the use of an asset for a specified period of time. Two forms of lease exist: finance leases and operating leases.
Materiality	An item would be considered material to the financial statements if, through its omission or non-disclosure, the financial statements would no longer show a true and fair view.
Minimum Revenue Provision	The prudent amount that the Chief Constable is statutorily required to set aside from revenue funds to meet the repayment of borrowing undertaken to support capital investment. Note that this provision is made by the PCC.
Movement in Reserve Statement	This financial statement presents the movement in usable and unusable reserves.
Net Book Value (NBV)	The amount at which fixed assets are included in the balance sheet i.e. their historical cost or current value less the cumulative amounts provided for depreciation.
Net Realisable Value (NRV)	The open market value of an asset in its existing use (or open market value in the case of non-operational assets) less the expenses to be incurred in realising the asset.
Operating Lease	An operating lease involves the lessee paying a rental for the hire of an asset for a period of time that is substantially less than its useful economic life. The lessor retains most of the risks and rewards of ownership.
Past Service Cost	For a defined benefit scheme these arise from decisions taken in the current year but whose financial effect is derived from years of service earned in earlier years.
PCC	The abbreviation for the Police and Crime Commissioner. The PCC is a separate corporation sole which was established on the 22 <sup>nd</sup> November 2012 under the Police and Social Responsibility Act 2011. Also referred to as the Office of the Police and Crime Commissioner.
Private Finance Initiative (PFI)	A Central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance.
Precept	The amount levied and collected by the five Gwent Authorities (Newport, Caerphilly, Blaenau Gwent, Monmouthshire and Torfaen) and paid over to the PCC Group.
Provisions	The Chief Constable may set aside amounts as provisions to meet liabilities or losses that are likely to arise in the future. Any provisions made are recorded in the PCC Group Statement of Accounts.

Public Works Loan Board (PWLB)	This is the Public Works Loan Board, which is an organisation financed by the Government. It lends money to police authorities on set terms so that they can buy capital items.
Related Parties	Central Government, Local Authorities (precepting), subsidiary and associated companies. Elected members, senior officers from Director and above and the Pension Funds. For individuals identified as related parties: members of the close family, or the same household; and partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.
Reserves	Balances that represent resources set aside for purposes such as general contingencies and cash flow management. Earmarked reserves are those set aside for specific policy purposes. The Movement in Reserve Statement shows the movement in the year on the reserves held by the Chief Constable. Note the Chief Constable does not hold Reserves. These come under the control of the PCC.
Revaluation Reserve	An amount representing the accumulated gains on the fixed assets held by the Chief Constable arising from increases in value, as a result of inflation and other factors, to the extent that these gains have not been consumed by subsequent downward movements in value. Note that all Reserves are owned by the PCC.
Retail Price Index (RPI)	Official measure of the general level of inflation as reflected in the retail price of a basket of goods and services, including mortgage costs, council tax and other household costs.
Revenue Budget	The estimate of annual income and expenditure requirements, which sets out the financial implications of the PCC Group policies and the basis of the annual precept to be levied on collection funds.
Revenue Support Grant (RSG)	A general government grant in support of local authority expenditure (including Police and Crime Commissioners) and fixed each year in relation to spending levels.
Senior Staff	A police officer or police staff whose salary is more than £150,000 per year, or one whose salary is at least £60,000 per year (calculated pro rata for a part-time employee) and who is the designated head of paid service and a statutory chief officer. Typically the Commissioner's Chief Executive, and statutory Chief Officers.
The Code	The Code incorporates guidance in line with IFRS, IPSAS and UK GAAP Accounting Standards. It sets out the proper accounting practice to be adopted for the Statement of Accounts to ensure they 'present fairly' the financial position of the Council. The Code has statutory status via the provision of the Local Government Act 2003.